DOCUMENT RESUME

ED 155 482 08 CE 017 086

TITLE [Small Business Ownership/Management for Minorities and Females in a Post Secondary Setting.] Modules, Instructor's Guide, Student Guide.
INSTITUTION Green (Del) Associates, Foster City, Calif.
SPONS AGENCY Office of Education (DHEW), Washington, D.C.
PUB DATE [73]
NOTE 246p.; Several pages in this document may not reproduce well due to poor print quality; For related documents see CE 017 073 and CE 017 074

EDRS PRICE MF-$0.83 HC-$12.71 Plus Postage.
DESCRIPTORS Black Businesses; Business; *Business Administration; Business Education; *Course Content; Curriculum Guides; *Females; *Instructional Materials; *Learning Activities; Managerial Occupations; *Minority Groups; Performance Based Education; Post Secondary Education; Teaching Guides

ABSTRACT

This document contains the instructional modules, instructor's guides, and student materials which accompany two courses designed to teach small business ownership/management for minorities and females on the post-secondary level. The first course, an introductory course, consists of fourteen competency-based instructional modules. The second course consists of thirteen competency-based instructional modules. The instructional modules in both courses provide the basic outline for planning and instructing the total course. Each module contains the following elements: rationale, objectives, pre-assessment activities, teaching-learning activities, post-assessment activities, an itemized list of needed materials, and related data sheets. An instructor's guide is included for each course, and a detailed student course project guide is also included. (Two related documents are available, including a final report, CE 017 073, and a report on the bases for curriculum decisions with an annotated bibliography, CE 017 074.) (BM)

****
* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *
****

DEL GREEN ASSOCIATES

URBAN/RURAL MANAGEMENT CONSULTANTS

ED155482

BEST COPY AVAILABLE

U S DEPARTMENT OF HEALTH, EDUCATION & WELFARE
NATIONAL INSTITUTE OF EDUCATION

THIS DOCUMENT HAS BEEN REPRODUCED EXACTLY AS RECEIVED FROM THE PERSON OR ORGANIZATION ORIGINATING IT. POINTS OF VIEW OR OPINIONS STATED DO NOT NECESSARILY REPRESENT OFFICIAL NATIONAL INSTITUTE OF EDUCATION POSITION OR POLICY

CE 017086

1181 CHESS DRIVE, SUITE 200
FOSTER CITY, CA 94404 (415) 574-4737

INTRODUCTION TO SMALL BUSINESS OWNERSHIP/MANAGEMENT FOR MINORITIES AND FEMALES IN A POST SECONDARY SETTING

MODULES

PREFACE

The training modules developed for the "Introduction to Small Business Ownership/Management for Minorities at the Post-Secondary Level" were not designed and not intended to duplicate existing curriculum in business administration classes now offered at the post-secondary institutions.

The competency-based training modules accompanying this Instructors Guide were conceptualized and designed by a Curriculum Team consisting of minority business persons and educators. Each Curriculum Team member was carefully selected because of his/her capabilities to bring something constructive to the contract effort. The Curriculum Team members sensitivity to resolving the problems of existing minority entrepreneurs made them aware of the need for identifying, training and motivating a cadre of future minority entrepreneurs.

San Francisco City College, located in the city of San Francisco, California, was the chosen setting for testing the training modules in course One (1). The criteria used to select this site was based primarily on the site's excellent student ethnic mix. Students enrolled in this course represented all minority groups in the San Francisco Bay Area; therefore, our competency based training modules were tested as intended. The response from the students and the institution was most favorable. In fact, the college has decided to continue using the course and our instructors in the next academic year. City College agreed at the very beginning that

the course instructors should be minority business persons from the community instead of faculty members.

The key to our success in this project was the selection and utilization of the Curriculum Team Members as Instructors. We, for that reason, strongly urge that the same process we used in selecting and using instructors for the competency modules be followed. This would allow a more flexible and innovative presentation of the subject areas to the targeted student population and assure the expected outcomes.

MODULE 1

SMALL BUSINESS OWNERSHIP AND MANAGEMENT

RATIONALE

Minority businesspersons must compete in a market where bigness is the rule, but unlike businesspersons generally, they often find themselves situated in an inner-city area that is undergoing transition. These changes, accompanied by social as well as economic pressures, impinge directly on the operations of their business enterprises.

Current minority businesses are primarily in the retail services areas. While these businesses are frequently under-capitalized and are too often plagued with inefficient and ineffective management, no major generation of new managers is being developed in the minority community to take a place in the operation of significant enterprises or to develop additional businesses.

OBJECTIVES

After completing this module, each participant will be able to:

1) Utilize the modular format to complete course requirements
2) List reasons for taking the course
3) Demonstrate awareness of course content
4) Demonstrate awareness of past and present minority participation in small business ownership and management

OBJECTIVES (continued)

5) Demonstrate awareness of personal strengths and weaknesses

6) Develop interpersonal relationships with other participants.

PRE-ASSESSMENT NONE

ACTIVITIES

In order to successfully meet these objectives, each participant will:

*1) Participate in small group interaction exercise (Objective 6)

2) Attend class presentation on the following: (Objectives 1, 3, 4)

a. modular format
b. course content
c. history of minority participation in business ownership/management roles

*3) Participate in small group discussion of modular format (Objective 1)

*4) Write a summary of course content (Objective 3)

*5) Participate in brainstorm session to identify reasons for taking the course (Objective 2)

*6) Read selected article on minority small business participation -- self selected (Objective 4)

---

* Lab activities

ACTIVITIES (continued)

*7) Complete worksheets related to selected readings (Objective 4)

8) Review course vocabulary list (Objectives 1, 3)

*9) Write a one-page assessment of personal strengths and weaknesses (Objective 5)

10) Student options. (Objectives 1 - 6)

POST ASSESSMENT

1) Completion of activities to the satisfaction of the instructor

2) Completion of summary of course content

3) Completion of worksheets

4) Completion of self-assessment.

MATERIALS NEEDED

1) Introductory interpersonal exercises

2) Key questions on course modular format

3) Articles on minorities in small business

4) Worksheets related to selected articles

5) Vocabulary list related to course content

6) Interaction activities handouts.

---

* Lab activities

MODULE 2

BUSINESS OWNERSHIP/MANAGEMENT OPPORTUNITIES

RATIONALE

The potential small businessperson should be able to identify successful businesses and be able to classify them into the four major categories -- retailing, wholesaling, manufacturing and service. In addition, the prospective minority small businessperson needs to be able to conceptualize local business opportunities which are representative of the various categories. This is important as an initial step in developing a "business consciousness" on the part of any future small business person.

OBJECTIVES

After completing this module each participant will be able to:

1) List three examples of businesses in each of the four major categories

2) Name four or more minority-owned businesses in each category

3) Identify the kinds of local business opportunities that exist

4) Make basic determination of the growth potential of selected small businesses

5) Recall pertinent data related to small business enterprises.

PRE-ASSESSMENT

1) Define the terms -- retailing, wholesaling, manufacturing, and service

2) Name three minority-owned businesses in each category.

ACTIVITIES

In order to successfully meet these objectives, each participant will:

1) Attend presentation by an SBA representative on the "Meaning and Importance of Small Business" (Objectives 2, 3, 6)

2. Attend presentation by several minority businesspersons on "Why I Selected My Business" (Objectives 2, 3, 4)

*3) Participate in a group discussion on the categories of small businesses (Objectives 1, 2)

*4) In triads, list ten businesses in each category (Objectives 2, 4)

*5) In triads, identify five minority-owned businesses in each category

*6) In triads, select a business and assess its growth potential for the next five years -- state reasons why (Objective 5)

7) Student option. (Objectives 1 - 5)

---

* Lab activities

POST ASSESSMENT

List a minimum of four potential business opportunities in each of the four major categories.

MATERIALS NEEDED

1) The First Two Years, Small Business Research Series No. 2, Chapters 1 and 3

2) Local minority business directories.

MODULE 3

SUCCESSFUL AND UNSUCCESSFUL MINORITY OWNED AND OPERATED SMALL BUSINESSES

RATIONALE

Segregation and discrimination in the United States have been such that only a few minorities and females have developed successful business ownership/management careers. Even these successes are unknown to most people from either minority or majority backgrounds.

The personal experiences of the participants also tend to reinforce the view that business success has been achieved only by non-minorities. Most minority persons have little contact in the real world with minority group business persons except those operating marginal businesses. In addition, the image of an entrepreneur projected by the media is a male Caucasian.

Participants need to learn about minority persons who have successfully operated small businesses. On the other hand, learning about unsuccessful experiences in small business ownership/management is important as well, particularly for identification of key personal and business characteristics associated with successful and unsuccessful enterprises.

OBJECTIVES

After completing this module each participant will be able to:

1) Define success in terms of owner/manager motivation and goals

2) Identify four or more basic elements which may be used to measure the success of business enterprises.

3) Identify three or more successful small businesses owned or operated by minority persons

4) Identify three or more unsuccessful small businesses owned or operated by minority persons.

PRE-ASSESSMENT: NONE

ACTIVITIES

In order to successfully meet these objectives each participant will:

1) Attend class presentation by a representative of the Small Business Administration or a local Business Development Organization on successful and unsuccessful minority business endeavors (Objectives, 1-4)

2) Review and discuss minority business profiles and complete "Worksheet" (Objectives, 3, 4)

*3) In groups of three, develop preliminary lists of elements affecting business success and compile a single list (Objectives 1, 2)

4) Read selected articles about successful minority business persons (Optional)

5) Student options (Objectives 1-4)

POST ASSESSMENT

1) Paper and pencil test developed by the instructor.

MATERIALS NEEDED

1) Minority business profiles

2) Student worksheets

3) Selection of readings

4) Instructor-developed test.

MODULE 4

CAREER STUDIES OF SUCCESSFUL MINORITY SMALL BUSINESS OWNERS AND MANAGERS

RATIONALE

Participants will need more detailed exposure to successful businesses as positive role models in order to overcome negative feelings concerning the business world. They need to become familiar with the characteristics, skills, leadership styles, and interpersonal abilities demonstrated by minority people who have achieved success in the manufacturing, retailing wholesaling and service areas.

Participants will be able to identify with those minority entrepreneurs since, like the students, most of them began their business careers with few resources, personal or financial.

OBJECTIVES

After completing this module, each participant will be able to:

1) Identify the essential elements of a biographical case study

2) Summarize a sample case study of a successful owner/ manager

3) Recollect key decision points of a successful owner/ manager in the processes of personal/career development and enterprise development

4) Develop basic checklist of interview items for upcoming (Module 6) student-conducted interviews.

PRE-ASSESSMENT

1) Describe in writing the essential components of a biographical case study

2) Present a biographical sketch of a minority small business owner/manager that you know personally or about whom you have read

ACTIVITIES

In order to successfully meet these objectives each participant will:

1) Attend class presentation by the instructor of a successful minority business case study (Objective 1)

2) Participate in group discussion of key elements of a biographical case study (Objectives 1, 2)

3) Participate in summarization of a sample case study (Objective 2)

*4) Review (in small groups) selected biographical articles about minority small business owners/ managers (Objectives 1-3)

*5) Present summary reviews of biographical articles developed by small group participants to total group (Objective 2)

6) Participate in preview of upcoming interviews of minority small business owners/managers (Objective 4)

7) Student Option. (Objectives 1-4)

---

* Lab activities

POST ASSESSMENT

1) Satisfactory summary and presentation of a case study.

MATERIALS NEEDED

1) Selected biographical articles
2) Biographical case study.

MODULE 5

OBJECTIVE SELF EVALUATION

RATIONALE

Traditionally, minority persons have entered the business field before considering their personal interests, attitude and aptitudes for business. Minority small businesspersons have entered the business field because of the encouragement by friends and family members and because of the possibility of improving their financial status. Very seldom do the prospective minority businesspersons consider the possibility that they may not be suited for business ownership or management, at least for the particular type of business they have selected. The prospective minority businessperson needs to objectively evaluate his/her attributes that will increase the possibility for success.

OBJECTIVES

After completing this module, each participant will be able to:

1) Assess general aptitude for business

2) Determine for himself/herself the relationships between vocational interests and particular kinds of business ventures

3) Determine for himself/herself the correlation between vocational attitudes and a preferred business endeavor.

PRE-ASSESSMENT: NONE

ACTIVITIES

In order to successfully meet these objectives, each participant will:

1) Attend class presentation by a vocational counselor/psychologist on the value, purpose and method of interest, aptitude, and attitude inventory instruments (Objectives 1 - 3)

*2) Perform the following exercises: (Objectives 1 - 3)

a. "Strong-Campbell Interest Inventory"
b. "Self Directed Search"

3) Student options. (Objectives 1 - 3)

POST ASSESSMENT

Participants will write summary stating the purpose and value of performing the exercises.

MATERIALS NEEDED

1) "Self Directed Search" for each student

2) "Strong-Campbell Interest Inventory" for each student

---

* Lab activities

MODULE 6

VISITS TO MINORITY OWNED/MANAGED SMALL BUSINESSES

RATIONALE

Most of the participants will have had no experience with the business world except as customers or clients. In order to develop an understanding and appreciation for the intricacies of minority business operations and management, the students will need to observe business operations from the minority owner/manager's perspective. Participants should be able to gain insight into the unique problems, activities, and responsibilities of the minority small business manager/operator by visiting and interviewing such persons at their office, store, plant or whatever serves as their business site.

OBJECTIVES

After completing this module, each participant will be able to:

1) Demonstrate ability to interview an owner/manager of a small business

2) Write a report on observations of a minority owned/operated small business

PRE-ASSESSMENT: NONE

ACTIVITIES

In order to successfully meet these objectives, each participant will:

1) Participate in group review and discussion of interview items (from Module 4) (Objectives 1, 2)

2) Participate in role-playing exercise simulating the interview to be conducted (Objective 1)

3) Conduct on-site interviews of minority or female small business owner/managers (Objective 1)

4) Make written reports of visits and interviews (Objective 2)

*5) Discuss written reports in large group (Objectives 1, 2)

6) Student options. (Objectives 1, 2)

POST-ASSESSMENT

1) Written report of visit

2) Participation in large group discussion.

MATERIALS NEEDED

1) List of local minority owned/managed businesses

2) Interview checklist

---

* Lab activities

MODULE 7

SELECTION OF YOUR BUSINESS

RATIONALE

Most small businesspersons have not had, or have not taken, the opportunity to determine, in advance, the pitfalls inherent in owning and/or managing a small business. The opportunity to give close scrutiny to personal and financial requisites for a selected endeavor, prior to actually entering into it, is important to the potential minority entrepreneur as a means of weighing advantages and disadvantages and providing time for planning and research activities which will serve to increase the odds for a successful undertaking.

OBJECTIVES

After completing this module each participant will be able to:

1) Select a simulated business opportunity based on subjective and objective self-evaluations

2) Complete a "Checklist for Going Into Business" Small Marketers Aid No. 71

3) Identify basic criteria for successful business operation.

PRE-ASSESSMENT: NONE

ACTIVITIES

In order to successfully meet these objectives, each participant will:

1) Schedule a conference with counselor to interpret results of student-completed interest and aptitude inventories (Objective 1)

2) Utilize results of conference to select a simulated business (Objective 1)

3) Participate in class seminar on the use of the "Checklist for Going Into Business" and on criteria for succeeding in business (Objectives 1, 2, 3)

*4) Complete the "Checklist for Going Into Business" (Objective 2)

5) Individually develop and identify basic criteria for succeeding in the chosen business (Objective 3)

6) Student Option. (Objectives 1 - 3)

POST ASSESSMENT

1) Attend conference with counselor to discuss interest and aptitude findings

2) Turn in "Checklist for Going Into Business"

3) Pass instructor-developed test on criteria for succeeding in business.

---

* Lab Activities

MATERIALS NEEDED

1) SBA Management Aid No. 46, "How to Analyze Your Own Business"

2) SBA Small Marketers Aid No. 71, "Checklist for Going into Business"

3) Student completed "Strong-Campbell Interest Inventory" and "Self Directed Search"

MODULE 8

START-UP OF YOUR BUSINESS

RATIONALE

Working through various aspects of the start-up of a mock small business in a group situation will permit participants to profit from the suggestions of their peers and improve their perception of small business start-up requirements, personal and financial. The simulation will allow the participants to objectively and subjectively assess the commitment needed to undertake a small business venture.

OBJECTIVES

After completing this module, each participant will be able to:

1) Complete a personal financial statement

2) Complete a family cost of living budget

3) Identify monetary needs for starting his or her small business

4) Make an evaluation as to his or her personal qualifications for operating a small business

5) Demonstrate understanding of the importance, in general, of site selection in opening a new business, and the special considerations required for a new minority business.

PRE-ASSESSMENT: NONE

ACTIVITIES

In order to successfully meet these objectives each participant will:

1) Attend a seminar in which the instructor will explain how to use Small Business Reporter, Vol. 7, No. 7, "Opening Your Own Business: A Personal Appraisal" (Objectives 1 - 4)

*2) Complete selected forms from "Opening Your Own Business ..." (Objectives 1 - 4)

3) Discuss, in small groups, the problems faced in working through the selected forms and make group reports (Objectives 1 - 4)

*4) Participate in small group discussion of site selection considerations in general

*5) Develop a one-page summary of small-group generated discussion on "special importance of site selection to the minority entrepreneur".

POST-ASSESSMENT

1) Evaluation of group reports by instructor.

MATERIALS NEEDED

1) Small Business Reporter, "Opening Your Own Business: A Personal Appraisal", Bank of America, Vol. 7, No. 7, 1971

2) Your Own Business -- The American Dream, pp. 31-32.

---

* Lab Activities

MODULE 9

FINANCING YOUR SELECTED NEW BUSINESS

RATIONALE

Crucial to the operation or management of a small business is sources of adequate capital. Minority individuals entering the business community need to examine all possible avenues of financing. In addition, potential business persons need to take into consideration the minimum initial capital required for start-up of the selected business.

OBJECTIVES

After completing this module, each participant will be able to:

1) Identify sources of initial capital for the minority small business person

2) Identify sources and types of financing for a new minority business enterprise

3) List the initial expenses in starting up a business.

PRE-ASSESSMENT

1) Written test developed by the instructor.

ACTIVITIES

In order to successfully meet these objectives, each participant will:

1) Listen to presentation by successful minority business person on "Capital Acquisition Processes, Problems and Strategies for the Beginning Minority Business Person" (Objective 1)

*2) Participate in question and answer period following presentation by guest speaker (Objectives 1, 2)

*3) Read Chapter 6, "Financial Resources at Opening", SBA Small Business Research Series No. 2, and other selected readings (Objective 3)

*4) In triads, make a list of initial expenses in starting up a small business (Objective 3)

5) Share lists developed in triads with total class (Objective 3)

6) Student option. (Objectives 1, 2, 3)

MATERIALS NEEDED

1) Small Management Aid No. 170, "ABC's of Borrowing"

2) Small Business Research Series No. 2, The First Two Years: Small Firm Growth and Survival Problems.

---

* Lab Activities

MODULE 10

RECORDS AND RECORD-KEEPING

RATIONALE

Many minority businesses fail because the owners keep inadequate records of sales, income and expenditures. Large businesses have accountants, secretaries, and auditors to maintain records, but the small businessperson often maintains his or her own records and from them must try to develop accurate financial reports. The paper sack or shoe box systems do not serve the purpose but their use is not uncommon. In order to enable minority businesspersons to adequately analyze sales, prepare for seasonal variances, predict future earnings, and provide adequate reports for governmental agencies, they need training and assistance in selecting and maintaining an adequate record-keeping system.

OBJECTIVES

After completing this module, each participant will be able to:

1) Distinguish between normal record-keeping and disaster record-keeping

2) Classify records under the headings of payroll and personnel, legal papers, accounting, production, sales

3) Categorize records in terms of importance and develop appropriate retention schedule

4) Develop adequate record-keeping system for his or her selected business

5) Utilize financial statements to analyze the status of a business

6) Make reports for Internal Revenue Service audits

PRE-ASSESSMENT

1) List categories of records that should be maintained by a small businessperson.

ACTIVITIES

In order to successfully meet these objectives each participant will:

1) Attend a presentation on the topic, "Small Business Records that Should Be/Must Be Maintained and For How Long" (Objectives 1 - 4)

*2) Participate in question-answer session to clarify whether you have an adequate system of record-keeping in mind (Objectives 1 - 4)

3) Select the records you feel you must have in your selected business in order to have a "good" system of record keeping (Objective 4)

4) Categorize the records under the headings: Payroll, Legal, Accounting, Production, Sales (Objective 2)

*5) Participate in small group exercises developed by instructor: (Objectives 1, 2, 3, 5)

a. Classification/categorization of records

b. Financial statement analysis

6) Utilizing the form, "Opening Your Own Business" assume that your income projections were correct, and prepare business reports for Internal Revenue Service to audit (Objective 5)

*7) Read selected articles and publications on record keeping (Objectives 1 - 6)

8) Student option. (Objectives 1 - 6)

---

* Lab Activities

POST ASSESSMENT

1) Records and record-keeping system selection for simulated business

2) Participation in small group exercise

3) Prepared business reports.

MATERIALS NEEDED

1) Selected Small Business Reporters

2) Selected SBA publications

3) Exercise worksheets and materials.

MODULE 11

THE THREE R'S OF SMALL BUSINESS:

ROLES, RISKS, REWARDS

RATIONALE

The minority business owner will be competing in a dynamic market place. The relationship of a small business to other small businesses and their value to the economy as a whole should be understood. The chances of establishing a successful enterprise are enhanced if entrepreneurs understand the nature and the necessity of businessworld risk taking. A clear understanding that business ownership presupposes taking risks in the hope of providing a needed service and seeking a reward is a minimum requirement. The minority business owner needs to be aware of key economic indicators and be able to assess the economic picture in order to reduce or avoid events that might be disastrous to the business venture.

OBJECTIVES

After completing this module, each participant will be able to:

1) Define the role of small business in the economy
2) List four contributions of small business enterprises
3) List common causes of failures of small businesses
4) Assess the financial and other risks/rewards of a small business enterprise
5) Demonstrate understanding of necessity for sound fiscal management.

PRE-ASSESSMENT: NONE

ACTIVITIES

In order to successfully meet these objectives each participant will:

1) Attend presentation on "The Importance of Small Business(es) in American Society" (Objectives 1, 2)

2) Read Chapters 8, 10 and 11 in Small Business Research Series No. 2, The First Two Years (Objective 3)

*3) Discuss Chapters 8, 10 and 11 in The First Two Years (Objective 3)

4) Study the following case histories: (Objectives 3, 4)

   a. Gould's Specialities on "Losing Fight", p. 192
   b. Werner's Market, on "Infant Death", p. 166

5) Read article on "Avoiding Management Pitfalls" (Objectives 3, 4, 5)

*6) Role-play presentations on Avoiding Management Pitfalls: (Objective 5)

   a. Downgrading the need for experience
   b. Sloppy record-keeping
   c. Reckless money management
   d. Failure to plan
   e. Inattention to marketing
   f. Ignoring the human factor
   g. Measure of time
   h. Failure to assume proper role

*7) Write an evaluation summary of potential risks/rewards of selected small business (Objective 4)

8) Student option. (Objectives 1 - 5)

---

* Lab Activities

MODULE 12

THE HUMAN ASPECTS OF SMALL BUSINESS OWNERSHIP AND MANAGEMENT

RATIONALE

A dimension of small business ownership and management frequently overlooked, but very essential to business success, is the area of interpersonal relations as it relates to the customer and the public. How does the small minority businessperson attract people to the business? How does the owner/manager develop effective relationships with the various public groups? The minority small business owner/manager needs to realize that skills in human relations share equal importance with technical skills.

OBJECTIVES

After completing this module, each participant will be able to:

1) Identify five or more ways to attract customers

2) Identify the six major "public" groups with which the small business owner/manager must deal successfully

3) State one or more strategies for dealing with each of the "public" groups

4) List six or more interpersonal factors necessary for business success.

POST ASSESSMENT

1) Satisfactory evaluation summary of potential risks/rewards

2) List four causes of failure or management pitfalls

3) List four contributions of small businesses.

MATERIALS NEEDED

1) Small Business Reporter, Vol. 11, No. 5, "Avoiding Management Pitfalls"

2) The First Two Years: Small Firm Growth and Survival Problems, Small Business Research Series No. 2

PRE-ASSESSMENT

1) List the six major "public" groups with which the small business owner/manager must deal

2) State one or more strategies for dealing with each of the "public" groups

ACTIVITIES

In order to successfully meet these objectives each participant will:

1) Attend class presentation on the topic "The Customer, The Community and Human Relations" (Objectives 1 - 4)

*2) Read selected articles (Objectives 1 - 4)

*3) Role play selected situations or conduct small group exercises involving: (Objectives 1 - 4)
   a. How to attract customers
   b. How to relate to different "public" groups
   c. Interpersonal relations

4) Student Option. (Objectives 1 - 4)

POST ASSESSMENT

1) Successfully pass instructor's written test.

MATERIALS NEEDED

1) Strengthening Small Business Management, Chapter 9, SBA, 1971

2) The First Two Years: Small Firm Growth and Survival Problems, Chapter 12, pp. 134-151.

---

* Lab Activities

MODULE 13

SURVIVAL AS A SMALL BUSINESS OWNER/MANAGER

RATIONALE

There is a high incidence of failure in the operation of small businesses. In order to decrease this incidence of failure minority participants will need to examine a variety of factors which are usually present in the operation of a successful small business. Knowledge of these factors will help the participants focus on goals for future training in a realistic manner.

OBJECTIVES

After completing this module, each participant will be able to:

1) Identify the major factors which are present in the successful small business

2) Contrast characteristics of successful and marginal business operations

3) Relate factors usually present in a successful business to the businesses reviewed in previous modules

4) Identify characteristics of the successful entrepreneur.

PRE-ASSESSMENT

1) List at least five factors which are usually present in the successful small business.

ACTIVITIES

In order to successfully meet these objectives each participant will:

1) Attend presentation by representative from Small Business Administration on subject of successful and unsuccessful small businesses followed by reaction session with successful small business owner/managers (Objective 1)

*2) Review selected case studies of successful and marginal business operations (Objectives 1, 2)**

*3) In groups of six, share information gathered from readings of case studies (Objectives 1, 2)**

*4) Make a list of elements contributing to success of small business (Objective 1)

5) Share lists with total class and place factors in order of importance.

*6) Re-examine businesses reviewed in previous modules to identify factors involved in their success (Objective 3)

7) Student option. (Objectives 1 - 3)

POST ASSESSMENT

1) Write a paper contrasting successful and marginal businesses.

MATERIALS NEEDED

1) Case studies

2) Selected readings: Small Business Research Series No. 2, The First Two Years, Chapters 9 and 12

---

* Lab activities
** Alternative: Review student write-ups of interviews with small business owners/managers

MODULE 14

DECIDING TO BE AN OWNER/MANAGER

RATIONALE

The participants have experienced a variety of activities designed to provide them with the information necessary to assess their capability and willingness to own or manage a small business enterprise. Since subsequent training will serve as an apprenticeship or guided field experience during which the participants will receive advice and counseling as they develop actual business plans, this is the point at which a decision should be made.

OBJECTIVES

After completing this module, each participant will be able to:

1) Make a personal assessment of strengths and weaknesses in relation to chances of success as a small business owner/manager

2) Express the reasons for going into the business he/she chooses

3) Decide on an actual business venture.

PRE-ASSESSMENT

The participant must complete the preceding training program (Modules 1 - 13) before entering this module.

ACTIVITIES

In order to successfully meet these objectives, each participant will:

1) Attend a brief seminar in which the instructor will: (Objectives 1, 2)

   a. Review Course content
   b. Schedule participants for "decision conference"
   c. Explain the process and materials to participants.

2) Meet with instructor/counselor to make decision (Objective 3)

3) Utilize a checklist in conference with instructor/counselor to discuss strengths/weaknesses (Objectives 1, 2)

4) In conference with the teacher/counselor, refer to information in participant's folder in reaching the decision (Objectives 1, 2, 3)

POST ASSESSMENT

Decision

MATERIALS NEEDED

1) Participant's folder containing self-assessment materials, interest and aptitude inventories, and other materials

2) Checklist of items covered in the course

---

* Lab activities

INTRODUCTION TO SMALL BUSINESS OWNERSHIP/MANAGEMENT FOR MINORITIES AND FEMALES IN A POST SECONDARY SETTING

INSTRUCTORS' GUIDE

TABLE OF CONTENTS

INTRODUCTION

A) The Competency-Based Instructional Module

B) Overview of Module and Course Objectives

C) Activities Guideline

GUIDE TO MODULE INSTRUCTION

A) Instructor Notes

INTRODUCTION

A. THE COMPETENCY-BASED INSTRUCTIONAL MODULE

Course I consists of 14 instructional modules which provide the basic outline for planning and instructing the total course. Each individual module is constructed to conform to, and serve, the competency (performance) basis of this course. In the context of a minority and female oriented curriculum of this subject area, the competency-based model is particularly appropriate in that it is outcome-oriented, providing the student as well as the instructor a greater degree of flexibility in determining what approach (selecting which activities) to use to achieve the performance objectives. The following elements (in the order given) constitute the modular format:

... Rationale

A brief statement which provides a backdrop for the module content and serves as an indicator of the importance of the module in the context of the total course.

... Objectives

A listing of explicitly defined expectations of student behavior upon completion of the instruction.

... Pre-Assessment

A listing of brief activities or exercises which may be used to determine appropriateness of "objectives" and indicate modifications necessary in "activities".

... Activities

Listing of teaching-learning activities to be undertaken to facilitate students' achievement of module objectives.

... Post-Assessment

Listing of evaluative techniques and/or procedures which provide the instructor with an indication of the level of each student's competence in the achievement of the behavioral objectives.

... Materials Needed

Itemized list containing materials needed to perform the "activities".

B. OVERVIEW OF MODULE AND COURSE OBJECTIVES

Specific instructional objectives, enumerated in each module, are stated in behavioral terms and constitute the crux of the competency-based course. The achievement of these objectives by the students will serve as the primary basis of evaluation for judging the adequacy of your instruction and the "competency" of the participating students.

The explicitness of the objectives should be noted. Because the objectives are stated in terms of behavioral requirements, vague behavioral action words such as "know" or "understand" are insufficient and not applicable. The utilization of explicitly-stated objectives (e.g., the student will be able to assess ..., name ..., list ..., etc.) is advantageous to both the student and the instructor. Individually and collectively, the students will be certain of what is expected of them, and of the means and basis of their evaluation. Advantages to the instructor include the facilitating effect of such objectives on selection of suitable learning activities and on assessing the students' degree of accomplishment of the objectives.

Awareness of and exposure to the personal and financial requirements and demands of small business ownership/management constitute the primary overall instructional objective of the course. By exposing minority and female students to the basic skills, knowledges and behavioral characteristics associated with successful small business ownership and management, this introductory course affords potential

minority and female enterpreneurs the opportunity to assess their capacity to learn, adjust to and succeed in the field of small business.

While each module contains specific enumerated objectives, each module is designed, as well, to contribute to the overall course objective.

C. ACTIVITIES GUIDELINE

The listed activities in each module are designed to achieve the enumberated objectives. The instructor should keep in mind, however, in preparing instruction for a particular module, that the conceptual base of the competency-based course requires the role of the "Objectives" to be the focal point. The outcome-oriented nature of a performance-based module not only permits, but requires, flexibility in determining specific activities.

For instance, the pre-assessment may indicate a certain performance objective has been satisfied by some or all the students. The activity designed for that objective should then be altered or removed to adapt to the indicated (class and pupil) level of accomplishment. There also will be instances in which the instructor, in drawing upon his own experiences and expertise, will feel more comfortable, and more confident of achieving an objective, with a different activity than one listed in the prepared module.

In summary, the activities must be geared to the objectives; therefore, a flexible approach in planning specific activities is required. Instructors should note the built-in flexibility in each module provided for the students in determining optional activities for achieving specified objectives.

GUIDE TO MODULE INSTRUCTION

Instructors should note that the modules themselves serve as the primary "instructor guides". It is suggested, however, that prior to instruction of a particular module, the following module-by-module Instructor Notes be reviewed. The Instructor Notes are arranged as follows for each module:

FOCUS

... The central theme of the module -- representing a synopsis of module objectives.

SUGGESTIONS

... Suggestions concerning activities and materials, based on developer's testing experiences.

MODULE 1

FOCUS

- Orientation of the student in terms of course content and competency-based instruction.
- Exposure to participation by minorities and females as small business owners/managers, past and present.
- Initiation of student self-awareness process.

SUGGESTIONS

Activities

- Conduct an introductory interaction exercise early in the session to begin inter-student communication -- name tags for the students facilitate the process. A mini-brainstorm session on "Reasons For Taking the Course" serves this purpose well besides providing the instructor with early feedback information for instructional planning.
- In orientation on competency-based instruction, emphasize to the student his/her responsibilities in the teaching/learning process; be sure to include discussion of "Student Options" in orientation.
- Conclude session by introducing content and objectives of Module 2 to the students.
- See Module 2 Activities Suggestions re: students' pre-formulated specific business interests.

Materials

. "Minority Participation"

1) Local minority business directories

2) Survey of Minority-Owned Business Enterprises - 1972
U. S. Department of Commerce, Bureau of the Census;
provides gross receipts and number of employees data
broken down by ethnic group, industry group and SMSA.

. "Articles" -- a multitude of sources; Black Enterprise and Access are two magazines we found helpful.

. "Vocabulary List" -- use only a partial list of terms, to be developed and expanded by the students as the course progresses.

MODULE 2

FOCUS

- Classification of businesses according to categories of retailing, wholesaling, manufacturing, and service.
- Identification of minority-owned businesses and business opportunities, by category.
- Beginning development of students' "business consciousness".

SUGGESTIONS

Pre-Assessment

- This module provides you an excellent opportunity to assess the students' basic business knowledge. While the listed focal points represent vital knowledge areas in introductory small business instruction, categorization of businesses may be elementary to some students. "Pre-Assessment", therefore, is very important in planning the instruction of this module.

Activities

- Many of your students will have already formulated specific business interests. You should make yourself aware of these interests. This can be accomplished as part of the pre-assessment or may be included as part of a Module 1 activity.

MODULE 3

FOCUS

- Comprehension of the concept "success", emphasizing its definition in the context of objective enterprise evaluation, but not excluding it in terms of owner/manager motivation and need satisfaction.

SUGGESTIONS

Activities

- A good alternative to activities 2 and/or 4 would be a film or filmstrips on minority and female businesspersons. We were unsuccessful in attempts to obtain such a film from the Small Business Administration (SBA) and the Office of Minority Business Enterprise (OMBE)

- Whether using filmstrips, readings, or profiles, it is suggested that a wide range of businesses be reviewed to improve the students' understanding of and exposure to the wide range of businesses that are classified as "small".

MODULE 4

FOCUS

- Student exposure to and study of successful minority businesses and businesspersons, using biographical articles and case studies.

SUGGESTIONS

- In addition to profiles developed for the initial testing, biographies appear in numerous periodicals, from Black Enterprise magazine to the Wall Street Journal. You should select bio cases which reflect the ethnic backgrounds of your students in order to offer positive role models.

NOTE: Importance of attending next session should be stressed in view of the time constraints allowing only a one-time offering of the interest inventory exercise.

MODULE 5

FOCUS

- Students' objective self-evaluation in terms of interests, aptitude and attitude.

SUGGESTIONS

Activities

- The better the students understand the philosophy and purpose of the developed instruments, the more meaningful will be the exercises. Many minority students justifiably feel they have been "tested" sufficiently in attitudinal contexts. It is important, therefore, that the students understand these exercises as opportunities to better know themselves and to view them as a means of including objectivity in their process of self-analysis.

- You should make arrangements at, or prior to, the beginning of the course with a credentialled counselor/psychologist for obtaining, as well as administering, the "Strong-Campbell Interest Inventory". For whatever instruments are used, the presentation of the counselor/psychologist (Activity 1) should be made with his/her complete familiarity with the nature and purpose of the course.

SUGGESTIONS (continued)

Materials

. If you decide to use an instrument or device to measure the students' business aptitude, exercise caution in the selection process. For the purpose of this course, and in the interest of each student's self-concept, any such instrument that is employee-oriented rather than employer-oriented should be avoided.

NOTE: Completed "Strong-Campbell Interest Inventory" instruments should be mailed for scoring immediately to ensure their return by Module 7.

MODULE 6

FOCUS

- On-site observation of small minority business and communication with the owner/manager(s) of the business.

SUGGESTIONS

Activities

- The module is adaptable to either 1) a group visit (field trip) by the entire class to a minority business site, or 2) each student conducting his or her own interviews at different sites. While the latter would represent the more thorough and effective learning activity, your decision of which option to take will be governed by the number of students in the class and the availability and accessibility of minority business sites in your area.

- It is very likely that the students are not experienced in interview situations, thus the importance of the role-playing exercise is emphasized. Procedures for this exercise will depend on which of the above options is used. In either case, the role of "interviewee" should not be de-emphasized in the exercises.

SUGGESTIONS (continued)

- The "basic checklist of interview items" developed in Module 4 should be reviewed in class in this module. One approach is to review the checklist prior to conducting the role-playing exercise and then refine the checklist, if necessary, after the exercise.

CHECKLIST OF INTERVIEW ITEMS

--- 1. Name of owner/manager (interviewee)

--- 2. Kind of business

--- 3. Location

--- 4. How long in business

--- 5. Like being in business or not

--- 6. Successful

--- 7. Future plans

--- 8. Problems faced

--- 9. Financial or managerial assistance received -- from whom

--- 10. How originally financed

--- 11. How records are kept

--- 12. Advice to persons who are considering ownership/ management of a small business

MODULE 7

FOCUS

- Student selection of a small business venture which will serve as a frame of reference in future course activities for weighing personal and financial capabilities against personal and financial requirements.

SUGGESTIONS

Activities

- Use the pre-formulated business interests identified by the students in Module 1 or Module 2 as a starting point for student selection of a simulated business opportunity. (A "then and now" comparison could be interesting.)

- A spot check of completed "Self Directed Search" forms should be made to ensure that the students completed them correctly. As an aid in performing the spot check, it may be helpful for you to have completed for yourself a "Self Directed Search" beforehand.

- If at all possible, the counselor/psychologist should meet with the students on a one-to-one basis to review the scored "Strong-Campbell Interest Inventory." If this cannot be arranged, the counselor/psychologist should be given,

SUGGESTIONS (continued)

Activities

at a minimum, a half hour to discuss with the students how to interpret the results.

. The suggested seminar preparatory to each student completing his or her "Checklist" should include discussion of each section of the "Checklist". Be prepared to give some minimal prodding, if necessary, on completion of Worksheets No. 2 and No. 3.

MODULE 8

FOCUS

- Personal and financial start-up requirements - using student-selected small business venture.

SUGGESTIONS

Activities

- It is suggested that Activity 2 not be done in small groups because of the personal nature of the information requested.
- The discussion and group reports (Activity 3) should be general in nature (See suggestion above)
- Decide, prior to class, which of the forms in the Small Business Reporter should be assigned as homework and which should be completed in class.

MODULE 9

FOCUS

- Identification of start-up costs, initial capital sources, and sources and types of financing.

SUGGESTIONS

Activities

- In terms of meeting knowledge needs of potential minority and female small business owners/managers, this module is vitally important. Your selection of a guest speaker, therefore, is crucial. The person selected should have current familiarity with capital and funding sources and be fully aware of the obstacles faced by minorities and females in obtaining business capital. A MESBIC representative or a minority or female banker may serve as alternates for the suggested "successful minority businessperson".

- Lead in to Activity 4 with a class discussion of start-up costs, using student-selected businesses as a basis for discussion and including a comparison of start-up expenses between "labor intensive" and "capital intensive" businesses.

Materials

. Distribute SBA and other publications regarding record-keeping to the students this session for their perusal prior to the next session. S.B.A. publications used in the test course were:

... SMA No. 130, "Analyze Your Records to Reduce Costs"

... SMA No. 144, "Getting the Facts for Income Tax Reporting"

... MA No. 176, "Financial Audits: A Tool for Better Management"

... SMA No. 146, "Budgeting in a Small Service Firm"

... SMA No. 142, "Steps in Meeting Your Tax Obligations"

MODULE 10

FOCUS

- Idenfification, classification, and categorization of records to be maintained in a small business.

SUGGESTIONS

Activities

- You should have a lawyer or CPA in attendance at this session who can serve as an authority/resource person in discussions of record-keeping requirements (what records are mandatory and how long they must be maintained).
- You should use your own discretion, based on course experience thus far, as to whether to use the exercise prepared by the developer or to modify it to meet your students' needs.

Materials

- See Module 9 "Materials" suggestion.
- Assign certain readings included in Module 11 to be read before the Module 11 class.

MODULE 11

FOCUS

- Understanding and awareness of 1) the interrelationship between small businesses (individually and collectively) and the business/economic environment(s) in which they operate.
- Definition of role of individual entrepreneur and meaning of that role in terms of inherent risk-taking necessary to achieve rewards.

SUGGESTIONS

Activities

- In the Activity 2 discussion you may want to elicit from the students any possible observations they made in their site visit that is relative to topics covered in the reading.
- Throughout the activities, the students should be consciously assessing themselves in the role of an owner/manager and identifying the risks involved in obtaining their hoped-for rewards.

Materials

- See Module 10 "Materials" suggestion.

MODULE 12

FOCUS

- Identification of the small business owner/manager's "public".
- Effective interpersonal relations with that public.

SUGGESTIONS

Activities

- An effective follow-up to the presentation (Activity 1) is a class discussion on main points you select from the readings, using either a seminar or brainstorm session format.

MATERIALS

- Chapters 9 and 12 of The First Two Years may be assigned for reading prior to the next class.

MODULE 13

FOCUS

- Identification of factors and charactersitics associated with surviving and growing small business enterprises.

SUGGESTIONS

Activities

- Course progress may be such that Activity 1 could be replaced by thorough instructor-led discussion of the assigned readings.

MATERIALS

- See Module 12 "Materials" suggestion.
- Provide students with a complete list of materials to be brought to the final class.

APPENDIX "D"

SMALL BUSINESS

OWNERSHIP/MANAGEMENT

COURSE FOR MINORITIES AND FEMALES

IN A POST SECONDARY SETTING

MODULES

PREFACE

The training modules developed for the Small Business Ownership and Management for Minorities were not designed and not intended to duplicate existing curriculum in business administration classes now offered at the post-secondary institutions.

The competency-based training modules accompanying this Instructor's Guide were conceptualized and designed by a Curriculum Team consisting of minority business persons and educators. Each Curriculum Team member was carefully selected because of his/her capability to bring something constructive to the contract effort. The Curriculum Team's sensitivity to resolving the problems of existing minority entrepreneurs, made them aware of the need for identifying, training and motivating a cadre of future minority entrepreneurs.

San Francisco City College and the San Francisco Community Skill Center both located in the city of San Francisco, California, were the chosen settings for testing the training modules. The criteria used to select these sites was based primarily on the sites excellent student ethnic mix. Students enrolled in both courses represented all the minority groups in the San Francisco Bay Area; therefore, our competency based training modules were tested as intended. The response from the students and the institutions was most favorable. In fact, San Francisco City College and the San Francisco Community College Skills Centers decided to continue using the courses and our instructors in the next academic year. Both institutions agreed at the very beginning that the course instructors should be

minority business persons from local communities instead of faculty members.

The key to our success in this project was the selection and utilization of the Curriculum Team Members as Instructors. We, for that reason, strongly urge that the same process we used in selecting and using instructors for the competency modules be followed. This would allow a more flexible and innovative presentation of the subject areas to the targeted student population and assure the expected outcomes.

MODULE 1

COURSE ORIENTATION - SMALL BUSINESS
OWNERSHIP/MANAGEMENT
SKILLS, KNOWLEDGES, ABILITIES REQUIREMENTS

RATIONALE

A wide range of roles must be assumed by owners/managers of small businesses. As the prime movers of their respective organizations, the owners/managers are directly responsible for all decision-making, problem-solving, and policy-setting. Therefore, in order to compete effectively in the business world, a variety of executive and managerial skills, knowledges and abilities are needed.

A successful minority entrepreneur must be able to face the economic and social pressures which have had, and continue to have, such a negative effect and impact on the operations of minority business enterprises. This curriculum enables the minority and female student to gain valuable managerial capability and business acumen, sufficient to obviate traditional social and economic pressures and thus be able to compete on an equitable basis with majority owned and operated businesses.

OBJECTIVES

After completing this module, each participant will be able to:

1) Utilize the modular format to complete course requirements

2) Demonstrate awareness of course content

OBJECTIVES (continued)

3) Relate personal interests, motives and goals to selected business venture

4) Develop interpersonal relations with other students in class

5) List managerial skills, knowledges, and abilities necessary for the successful operation of a small business

6) Define, in general terms, the purpose and function of a Business Plan.

ACTIVITIES

In order to successfully meet these objectives, each student will:

1) Attend class presentations on the following: (Objectives 1, 2, 5, 6)

   a. modular format
   b. course content
   c. skills, knowledges and abilities required for successful operation/management of a small business
   d. course project (Business Plan)

*2) Participate in small group discussion/critique of modular format, course content and course project (Objectives 1, 2, 4, 6)

*3) Write a summary of group discussion/critique on course content

*4) Share, in small group sessions, personal interests, motives and goals which led to selection of specific business venture (Objectives 3, 4)

---

* Lab activities

ACTIVITIES (continued)

*5) Write a one page self-assessment listing personal strong points and weak points from handout enumerating necessary skills, knowledges and abilities (Objective 5)

6) Student options. (Objectives 1 - 6).

PRE-ASSESSMENT: NONE

POST ASSESSMENT

1) Completion of activiites to the satisfaction of the instructor

2) Completion of content discussion/critique summary

3) Completion of self-assessed skills, knowledges and abilities.

MATERIALS NEEDED

1) Vocabulary list related to course content and modular format

2) Key questions on modular format

3) Handout on ownership/management skills, knowledges and abilities

4) Interaction activities handouts.

---

* Lab activities

MODULE 1

SMALL BUSINESS OWNERSHIP/MANAGEMENT

SKILLS, KNOWLEDGES, ABILITIES

SKILL AREAS

Communication and Interpersonal Processes
Market Research/Analysis
"Capital" Needs Assessment
Development and Performance of Marketing Strategies
Financial Planning and Management
Decision-Making
Personnel Management (Employer/Employee Relations)
Community and Government Relations
Purchasing
Pricing
Inventory Management

KNOWLEDGES

Local "Business Permit and License" Requirements

Legal Requirements (Local, State, Federal) Regarding Recordkeeping And Record Maintenance:

- Payroll
- Accounting
- Legal Papers
- Personnel
- Sales

Your Product (Or Service)

- Market Size (Geographic)
- Competition
- Nature (Population Characteristics, Economic Characteristics)

Causes of Small Business Failures (or Management Pitfalls)

Sources of Information and Assistance:

- Marketing
- Financial and Accounting
- Legal
- Insurance
- Personnel

Your "Self"

Module 1

VOCABULARY LIST

1) BREAK EVEN POINT -- describes the amount of a firm's sales volume at which there is neither profit nor loss; in other words, the profit created from sales is equal to the costs and expenses involved

2) BUSINESS -- production of useful services or goods by a person or an organization

   Retail -- selling goods directly to the ultimate consumer

   Wholesale -- selling goods for resale

   Manufacturing -- making, developing or processing a product

   Service -- selling a non-tangible product

3) BUSINESS ORGANIZATION

   Sole Proprietorship -- form of busines organization whereby single owner is responsible for the operation of the business; most commonly found form of small business organization

   Partnership -- form of business organization whereby two or more persons join in an association for the purpose of operating a business as co-owners

   Corporation -- formal form of business organization whereby the ownership is divided among shareholders or stockholders who may not be involved in management of the business

4) BUSINESS PLAN -- a detailed statement of what your business is going to do; serves as a communication vehicle with the external environment of the business to attract financial and other resources; serves, internally, as a control mechanism by defining a standard against which actual performance is measured

5) CAPITAL -- tools, machinery and other materials used to produce new goods or services; actual cash invested in a business for equipment, merchandise and other assets for the operation of the business

6) CAPITALISM --

7) COST OF GOODS SOLD -- total price paid for items to be sold including all costs involved in obtaining the items and having them available for sale

8) ENTREPRENEUR --

9) EXPENSES

Fixed -- expenses which do not vary from month to month and are not affected by the volume of business done (rent, utilities, etc.)

Variable -- expenses which vary with the volume of business (supplies, cost of goods)

10) MARK-UP (INITIAL)-- the difference between cost price and selling price, expressed in terms of a percentage of sales and a percentage of cost

11) MARGIN -- difference between selling price and cost of goods sold

12) OVERHEAD -- the operating expenses of a business that are not attributable to a particular product and which do not include labor and materials costs (examples: rent, electricity)

13) PROFIT

Gross -- total dollar income of a business less the cost of goods sold, not accounting for expenses

Net -- difference between gross profit and expenses

14) SILENT PARTNERS -- "limited partners" who invest money or other assets into a business for a share of the profits, but do not participate in the management of the enterprise

15) SMALL BUSINESS -- various criteria are used for identification of a business as "small." Among the most common reference points are total assets, net worth, number of employees and annual sales. Eligibility for SBIC financing is generally based on the following:

... assets less than $5 million
... net worth less than $2.5 million
... average after tax earnings less than $250,000 during the past two years

ABBREVIATIONS

1) S.B.A. -- Small Business Administration

2) O.M.B.E. -- Office of Minority Business Enterprise

3) S.B.I.C. -- Small business investment company -- a special class of federally-funded investment companies created to make equity capital and long-term credit available to small, independent businesses -- although licensed by the Small Business Administration, they are privately managed and make their own investment decisions

MODULE 2

MARKET RESEARCH/ANALYSIS

RATIONALE

Research and analysis of the market to be developed for the product or service of a small minority business is a key factor in the development and growth of that business. Knowledge of the market is a prerequisite in obtaining initial and continuing capital from lenders and/or investors.

The development of an effective marketing strategy, which is so important to the growth of a minority enterprise, must be based on an accurate perception of the nature of the market (e.g., evidence of growth, price trends, quality and quantity of competition).

OBJECTIVES

After completing this module, each participant will be able to:

1) Identify sources of market information
2) Identify sources of market research/analysis assistance
3) Demonstrate awareness of marketing research procedures and market analysis factors
4) Identify 5 uses of a Business Plan
5) Describe the purpose and function of a Mini-Proposal.

PRE-ASSESSMENT

1) Name 4 functions of a Business Plan.

ACTIVITIES

In order to successfully meet the objectives, each participant will:

1) Participate in class seminar on the need for knowledge of a product or service market and how to obtain it (Objectives 1 - 3)

2) Attend class presentation based on outline of marketing research procedures contained in SBA's Small Business Bibliography No. 9, "Marketing Research Procedures" (Objective 3)

*3) Participate in exercise with a classmate where mutual advice is given on information sources and availability of assistance for performing the research necessary in the respective businesses (Objective 3)

*4) Participate in class seminar (or small group) discussion of information items necessary for analysis of a product or service market (Objective 3)

5) Participate in continued discussion of Course Project (Objectives 4, 6)

6) Student option. (Objectives 1 - 5)

---

* Lab activities

POST ASSESSMENT

1) Performance of the activities to the satisfaction of the instructor.

MATERIALS NEEDED

1) "Marketing Research Procedures" -- Small Business Bibliography No. 9

2) Sample Business Plan

3) Entrepreneurship -- Playing to Win, Chapter 11 (instructor reference)

4) Selected SBA publications.

MARKET RESEARCH/ANALYSIS PROCEDURES OUTLINE

1. Define Your Product/Service

   a. What is it?
   b. What does it do?
   c. What can you sell it for?
   d. Sales History . . .

2. Your Market

   a. Who is it? ---------- (Y level, age groups, social group)
   b. Where is it?
   c. When is it?
   d. Why should they buy your product?

3. Your Competition

   a. Types/Brand names
   b. History
   c. Product characteristics
   d. Production or Service Materials
   e. Current price and trends
   f. Distribution-type
   g. Share of market
   h. Mode of operation
   i. Marketing and sales

4. Sources of Information

   a. Customers
   b. Business community
   c. Competitors
   d. Stockholders/Investors
   e. Financial community
   f. Distributors
   g. Government
   H. Suppliers

LOAN PROPOSAL

FOR

Mr. Al Johnson

d/b/a

JOHNSON MACHINE COMPANY

TABLE OF CONTENTS

I. BUSINESS HISTORY

II. BUSINESS PLAN

- A. Services
- B. Customers
- C. Sales Methods
- D. Competition
- E. Location & Facilities
- F. Employees

III. FINANCIAL DATA AVAILABLE FOR EVALUATION OF LOAN REQUEST

- A. Source & Application of Funds Statement
- B. Current Financial Statements
- C. Production Schedule
- D. Financial Projection

IV. PERSONAL DATA ON LOAN APPLICANT

- A. Resume of Mr. Al Johnson
- B. Small Business Administration Forms (includes a personal financial statement)

V. APPENDIX

- A. Current Contract Agreements with Customers
- B. Copies of Letters Sent Recently Requesting Contract Bids

I. BUSINESS HISTORY

Johnson Machine Company (J.M.C.) was formed in November, 1974 and operates as a sole proprietorship with Mr. Johnson as owner and principal operator. Mr. Johnson has no plans to incorporate or acquire a partner within the next few years. The company has machines and personnel available to manufacture and assemble complete tool grinding machines, rebuild machines, convert machines or make assemblies.

In November of 1974, J.M.C. entered into an agreement with Mr. Ray Tandy, owner of Tandy Engineering located in San Bruno, Calif. The terms of the agreement allowed Mr. Johnson to use Tandy Engineering's machine shop facilities if:

1) he would pay Mr. Tandy 50% of the amount of any contract he performed at this location;

2) J.M.C. provided the labor for various contracts secured by Tandy Engineering. In return, Tandy Engineering would not charge J.M.C. rent and other overhead costs incurred while using the machine shop facilities;

3) Mr. Johnson agreed to purchase vaious machines located at the facilities as soon as financing was available.

From November, 1974 through March, 1975, working in conjunction with Tandy Engineering, J.M.C. manufactured guided missile supports for the Navy. The companies' revenues were generated primarily from this contract which was suddenly cancelled. At this point, the company began to face financial difficulties.

From March 1975 through July 1975, the company engaged in general machine shop work while soliciting for additional contracts. However, the extent of work secured was inadequate to allow Mr. Johnson to utilize his trained employees. He was forced to lay off employees and operate his business solely.

Mr. Johnson began his business with the intent of providing services to comapnies manufacturing cans. His employment background is well suited for this type of business venture (see resume). While employed at Standum Machine Company, (Located in Compton, California) in the capacity of Foreman in customer service and assembly, he learned

BUSINESS HISTORY (continued)

to bid on contracts, take a large job and break it down into small jobs, as well as train unskilled labor to handle manufacturing and assembly tasks. He has established relationships with people in the ordering departments of the can manufacturing companies he plans to service. His reputation for superior performance on large jobs is well known throughout the can manufacturing industry.

Approximately $20,000 is required to finance the development of his company. Mr. Johnson hopes to secure this capital in the form of a bank loan with a guarantee from SBA. The money will be used to purchase additional equipment and provide working capital.

II. BUSINESS PLAN

A. Services

Johnson Machine Company will service manufacturers of two-piece cans by rebuilding machinery and manufacturing the parts required for rebuilding. The company will also provide machine repair services at the customer's manufacturing plant so that production lines may be kept in operating condition.

The company will manufacture and assemble complete tool grinding machinery, under exclusive patent and licensing rights, for another sales and marketing company. Rebuilding and repair work on these machines can also be handled by J.M.C. Upon completion of the manufacturing task, J.M.C. will ship the machine to its destination and handle its installation.

Finally, under its machine shop operation, the company will manufacture parts under government and civilian contract.

B. Customers

For rebuilding and servicing of can company machinery, the follow ng companies have agreed to consider J.M.C. for performing future contracts:

... Kaiser Aluminum - Can Division
... Jeffco Manufacturing Company
... Nat nal Can Company

Future prospects for the service include companies which currently have Standum Aluminum can-making equipment. These companies have plants located throughout the United States and Europe and may be identified as:

... Continental Can Company
... American Can Company
... Schlitz Container Company
... Crown Cork & Seal Company
... Reynolds Aluminum Company

Currently, M.M.C. has a $45,000 contract with Pearl Industries of San Jose, California to manufacture 10 unirad tool grinding machines (see appendix for copy of contract).

C. Sales Methods

Negotiation of sales and services to companies in the can industry will be handled by Mr. Johnson. He is acquainted with numerous individuals in a position to issue orders at can manufacturing companies using Standum machines. He does not plan to hire a full time salesman, nor advertise at this time. He anticipates considerable word-of-mouth advertising within the industry based upon the completion of his first orders.

Mr. Johnson is an experienced bidder on contracts and will continue to prepare his own contract bids.

D. Competition

In the area of rebuilding and servicing can company machinery, Standum Machine Company may be identified as J.M.C.'s only competitor. Standum Machine Company is the world's principal manufacture of two piece can making machinery and presently the only company able to repair or rebuild machinery originally manufactured by them. Their customers ahve been dissatisfied because prices for rebuilding have been exorbitant and the length of time required to obtain parts has been too long.

Pratt * Whitney may be identified as J.M.C.'s leading competitor manufacturing tool grinding machinery of a comparable quality. Mr. Johnson feels that he can undercut Pratt & Whitney's price by approximately $6,000 while offering a motor with greater horsepower.

Pratt & Whitney -- $12,000 with accessories and ½ h.p. motor

J.M.C. -- $ 9,000 with accessories and 1 h.p. motor

Mr. Johnson realizes the regular job shop machinery work is highly competitive and that his company's reputation will grow as he completes more jobs. However, his primary concern is to service the aluminum can manufacturing industry and to produce tool grinding machinery. Job shop tasks for his company are considered a secondary source of income since one contract in the other industries he plans to service will provide his company with several months of continuous work.

E. Location & Facilities

J.M.C. is currently located at 1001 Building Park Blvd., San Bruno, California. The building and facilities are rented from Tandy Engineering. This location is adequate for regular manufacturing of parts; however, to perform assembly and rebuilding jobs a larger location is required which Mr. Johnson hopes to secure if his business loan is approved. The new location of his company is not a critical factor since customers will be shipping machines to him from all over the United States.

F. Employees

Currently, J.M.C. employes only Mr. Steve Hutton. Upon securing financing for the business, Mr. Johnson plans to rehire two of his former employees. Fred Reed, a former employee of Standum, will act as machine builder and assembly lead man. Fred will cover shop operations during Mr. Johnson's absence and will earn $7.00 an hour.

Former employees of J.M.C. will be rehired as assemblymen and machine operators. These former employees were previously referred to Mr. Johnson as trainees from the Opportunities Industrialization Center in San Jose. Each man will work on a full time basis and earn $4.00 an hour.

If necessary, Mr. Johnson will secure additional trainees through the Opportunities Industrialization Center and pay them approximately $3.50 per hour to start.

III. FINANCIAL DATA AVAILABLE FOR EVALUATION OF LOAN REQUEST

SOURCE & APPLICATION OF FUNDS STATEMENT

SOURCES

Bank Loan	$20,000.00
Owner's Cash Equity Contribution	20,000.00
TOTAL SOURCES:	$40,000.00

APPLICATIONS

Purchase of 22" Used Lathe	$ 3,700.00
Purchase of Portable Mag Drill	1,000.00
Purchase of Equipment from Rocco's Machine Shop (See Appendix for Breakdown)	15,000.00
Expense for Shipping Equipment	200.00
Purchase of Inventory	4,000.00
Leasehold Improvements (Wiring for building)	1,000.00
Working Capital (3 months)	15,100.00
	$40,000.00

JOHNSON MACHINE COMPANY

BALANCE SHEET
August 15,1975

ASSETS		
Cash on Hand		$2,600.00
Machinery & Equipment		
1974 Econo Line F100 Ford Van	$4,000.00	
2 Tool Chests	110.00	
Roll Away Tool Chest	100.00	
Porta Power	500.00	
4 Indicators	120.00	
500 Tool bits	500.00	
Depth Micrometer	50.00	
Milwaukee 3 speed variable rev. drill	120.00	
Angle Drill Black & Decker	110.00	
1-2-3 Blocks, 2 sets	50.00	
Height Set up to 24"	50.00	
4 Micrometers	95.00	
2 Calipers	55.00	
3 Drills & Drill Bits	97.00	
Miscellaneous Tools	200.00	
TOTAL MACHINERY & EQUIPMENT:		$6,157.00
Office Furniture & Equipment		
Metal Desk 30x60, 6 drawer	$ 125.00	
Typewriter, Smith Corona Man Std.	50.00	
Texas Instruments SR10 Computer	80.00	
Craig Tape Recorder Model 2607	100.00	
Polaroid Land Camera Big Swinger	30.00	
TOTAL OFFICE FURNITURE & EQUIP:		385.00
TOTAL ASSETS		$9,142.00
LIABILITIES		
Mortgages		
Bank of America, 355 E. Grand Avenue		
Current Monthly Payment of 1974 Econo Line F100 Ford Van $123.87 - Balance		$1,982.00
Unpaid Income Tax (Business Taxes for two months)		$2,400.00
TOTAL LIABILITIES		$4,382.00
NET WORTH		$4,760.00

PRODUCTION SCHEDULE

JOB #1

$45,000 contract to manufacture 10 machiens for Pearl Industries. Requires 1½ months production time and labor of 1 man only, Mr. Reed

JOB #2

$30,000 contract to rebuild 3 machines for Pearl Industries. Requires 3 months production time and labor of 3 men, Mr. Johnson plus two employees.

JOB #3

$141,000 contract to convert 3 machines for Tyan Manufacturing Company. Requires labor of 3 men and 4½ months of production time.

JOB #4

$67,000 contract to manufacture 104 cap and guide sub-assemblies for Tandy Engineering. Requires 7½ months production time and labor of 3 men.

Terms of contracts awarded to Johnson Machine Company will usually state:

1) Contractee will supply all necessary raw materials, prints and designs.

2) Contractee will pay all freight and shipping charges with prices quoted F.O.B. Johnson Machine Company.

3) Contractee will pay any transportation, accommodation, and related expenses for J.M.C. employees who perform work at contractees location.

PRODUCTION SCHEDULE

	JOB #1 9/15 - 11/1	JOB #2 11/1 - 2/1	JOB #3 2/1 - 9/15	JOB #4 9/15 -2/1
Gross Service Revenue	$45,000.00	$30,000.00	$141,000.00	$67,600.00
Less: Cost of Goods				
Tooling	-	1,000.00	-	-
Parts & Materials	-	-	-	-
Less: Operating Expenses				
Wages	-	7,500.00	42,432.00	9,750.00
Clerical	-	1,500.00	3,750.00	2,250.00
Rent	525.00	2,100.00	5,250.00	3,150.00
Utilities	150.00	300.00	750.00	450.00
A. Interest on Loan	143.13	286.26	715.65	425.39
B. Insurance	50.00	369.00	1,635.00	742.50
Taxes(Payroll-13%)	-	1,170.00	6,004.00	1,560.00
Transportation(Auto)	90.00	175.00	435.00	260.00
C. Depreciation	656.00	1,312.00	3,280.00	1,968.00
Accounting	53.00	105.00	263.00	158.00
Equipment Lease	600.00	1,200.00	-	1,800.00
TOTAL EXPENSES	$ 2,267.13	$17,017.26	$64,514.65	$88,513.89
NET PROFIT	$42,732.87	$12,982.74	$ 3,085.35	$52,486.11

A. Interest calculated on loan for $20,000 with rate set at 10-½% for 4 years.

Equal Monthly Payment = $512.09
Monthly Payment = $416.67
Monthly Payment = $ 95.42

B. Insurance on employees is calculated at approximately 3% of wages. Insurance on equipment is approximately $400 per year.

C. Monthly depreciation charge of $437.37 was calculated using the straight-line method over a period of five years. Salvage value was not taken into consideration.

Existing Equipment $ 6,542.00
New Equipment 19,700.00
TOTAL: $26,242.00 = 60 months = $437.37 per month

Financial Projection Sheet
Johnson Machine Company

	NOVEMBER 1975	DECEMBER	JANUARY 1976	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	12-MONTH TOTALS
PROFIT & LOSS STATEMENT													
Service Revenues	10000 –	10000 –	10000 –	9013 –	9013 –	9013 –	9013	9013 –	9013 –	9013 –	20173	31333 –	144597 –
Less: Tooling	1000 –	–	–	–	–	–	–	–	–	–	–	–	1000 –
Parts & Materials	–	–	–	–	–	–	–	–	–	–	22000 –	22000 –	44070 –
Operating Expenses	5340 –	5340 –	5340 –	8602 –	8602 –	8602 –	8602 –	8602 –	8602 –	8602 –	6777 –	5006 –	88017 –
Misc. Start Up Costs	5200 –	–	–	–	–	–	–	–	–	–	–	–	5200 –
NET PROFIT	(1540 –)	4660 –	4660 –	411 –	411 –	411 –	411 –	411 –	411 –	411 –	(8602 –)	4327 –	6380 –
CASH FLOW STATEMENT													
Beginning Cash Balance	–	7456 –	10812 –	14168 –	13276 –	13282 –	11489 –	10596 –	9703 –	8810 –	7917 –	8009 –	
Additions:													
Bank Loan Proceeds	10000 –	–	–	–	–	–	–	–	–	–	10000 –	–	
Owner's Investment	20000 –	–	–	–	–	–	–	–	–	–	–	–	
Collection on Contracts	10000 –	10000 –	10000 –	9013 –	9013 –	9013 –	9013 –	9013 –	9013 –	9013	20173 –	31333 –	
Depreciation	437 –	437 –	437 –	437 –	437 –	437 –	437 –	437 –	437 –	437 –	437 –	437 –	
Total Additions	40437 –	17893 –	21249 –	23618 –	22726 –	21832 –	20789 –	20046 –	19153 –	18260 –	38527 –	39779 –	
Disbursements:													
Operating Expenses	5340 –	5340 –	5340 –	8602 –	8602 –	8602 –	8602 –	8602 –	8602 –	8602 –	6777	5000 –	
Equipment Purchases	19700 –	–	–	–	–	–	–	–	–	–	–	–	
Principal Payments	417 –	417 –	417 –	417 –	417 –	417 –	417 –	417 –	417 –	417 –	417 –	417 –	
Auto Payments	124 –	124 –	124 –	124 –	124 –	124 –	124 –	124 –	124 –	124 –	124 –	124 –	
Misc. Start-Up Exp.	5200 –	–	–	–	–	–	–	–	–	–	–	–	
Owner's Withdrawals	1200 –	1200 –	1200 –	1200 –	1200 –	1200 –	1200 –	1200 –	1200 –	1200 –	1200 –	1200 –	
Manufacturing Expenses	1000 –	–	–	–	–	–	–	–	–	–	22000 –	22000 –	
Total Disbursements	32891 –	7081 –	7081 –	10343 –	10343 –	10343 –	10343 –	10343 –	10343 –	10343 –	30518 –	28741 –	
Ending Cash Balance	7456 –	10812 –	14168 –	13276 –	12382 –	11489 –	10596 –	9703 –	8810 –	7917 –	8009 –	11038 –	

Financial Projection Sheet
Johnson Machine Company

ITEMIZATION OF OPERATING EXPENSE	NOVEMBER 1975	DECEMBER	JANUARY 1976	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	12-MONTH TOTALS
Salaries	3000 –	3000 –	3000 –	6157 –	6157 –	6157 –	6157 –	6157 –	6157 –	6157 –	4412 –	2667 –	
Payroll Taxes (13%)	390 –	390 –	390 –	800 –	800 –	800 –	800 –	800 –	800 –	800 –	573 –	347 –	
Rent & Utilities	800 –	800 –	800 –	800 –	800 –	800 –	800 –	800 –	800 –	800 –	800 –	800 –	
Interest on Loan	95 –	95 –	95 –	95 –	95 –	95 –	95 –	95 –	95 –	95 –	95 –	95 –	
Insurance	123 –	123 –	123 –	21 –	218 –	218 –	218 –	218 –	218 –	218 –	165 –	165 –	
Transportation	60 –	60 –	60 –	60 –	60 –	60 –	60 –	60 –	60 –	60 –	60 –	60 –	
Depreciation	437 –	437 –	437 –	437 –	437 –	437 –	437 –	437 –	437 –	437 –	437 –	437 –	
Accounting	35 –	35 –	35 –	35 –	35 –	35 –	35 –	35 –	35 –	35 –	35 –	35 –	
Equipment Lease	400 –	400 –	400 –	–	–	–	–	–	–	–	200 –	400 –	
Total Operating Expense	5340 00	5340 00	5340 00	8202 00	8202 00	8202 00	8202 00	8202 00	8202 00	8202 00	6777 00	5006 00	

IV. PERSONAL DATA ON LOAN APPLICANT

RESUME OF MR. AL JOHNSON

BUSINESS EXPERIENCES

From: November 1975
To: Present

General machine shop work, turning big shafts pre-heat treated 4140 and milling slots, hole patterns, drilling and tapping, and jig boring.

From: November 1974
To: March 1975

Manufacture guided missile supports for the Navy: The supports were 5' long, 3' wide and 2' high. They were made of aluminun according to government specifications. They had 2 bores in line with each other, 16.500" diameter plus or minus .001. The vertical bore was 6.000" diameter plus. 001 minus nothing. The center lines between the vertical bores and the horizontal bores intersected plus or minus .001.

PAST EXPERIENCES

Standun Machine Co.
2943 Las Hermanas St.
Compton, Calif. 90221
Position: Foreman, Assembly

From: October 1969
To: November 1974

Plan and design tools and special jigs needed for production and assembly of can drawing machines. Periodically refurbish and test used machinery, replacing work elements and making necessary alignment adjustments to insure proper operation. Design many of the hand and machine tools which previously had been built by outside companies. Make tooling and parts for crankshafts, cams, and cam housings. Completely assemble them.

Other Assignments: Work in production control, setting priorities and schedules. Set up inspection for sub-assembly group and also for the final assembly line. Maintain logs for quality control. Set up complete tube bending department, bending copper, steel and stainless steel tubing up to 3/4" diameter. Research and purchase equipment for setting up tube bending department. Work as Customer Service Representative, rebuilding machines and repairing them in the field as well as in the shop.

Royal Industries
620 Dryer
Santa Ana, Calif.
Position: Departmental Precision Machinist

From: July 1968
To: October 1969

Set up and operate tracer attachments. Rework parts per MRB. Operate large lathes 25" to 60" swing and #4 Gushold. Mill ½" slots in a 12½ diameter bore in stater housings 48"long.

Fansteel Torrance
1740 Abalone
Torrance, Calif.
Position: Machinist

From:

From: March 1966
To: July 1968

Set up and operate all general machines. Make and design own fixtures. Work from blueprints, released, prototype MLO and MILAR. Work with Product Engineer and Customer Representative. Make parts from solid carbon and laminated fibreglass for aerospace. Handle making of breeches for M75 grenade launcher. Make my own electrodes for EDM. Handle my own inspection.

Hunter Engineering
1970 Columbia
Riverside, Calif.
Position: General Machinist

From: March 1965
To: March 1966

Set up and operate various machines, i.e., lathe, mills, radial drill, jig bore, and surface grinder.

B. H. Hadley
1940 Geary
Pomona, Calif.
Position: Class A Lathe Operator

From: July 1974
To: March 1965

Set up and operate lathes, turning threads, internal and external, right and left hand. Set up and operate special grinders to grind threads and helical gears. Turn parts in fixtures. Operate micrometer, gauge blocks and omparitor.

Chicago Rawhide
925 State
Elgin, Illinois
Position: Tool and Die Maker

From: August 1960
To: July 1964

Supervise Tool and Die Shop, night shift. Assist various departmental supervisors with specialized tooling. Upon verbal request, design and engineer tooling for special products. Make and repair tools, dies, molds, and machines.

MODULE 3

MARKETING

RATIONALE

The small business owner/manager confronts a wide range of decision variables in determining WHAT, HOW, WHEN, WHERE, and TO WHOM to market. As the minority entrepreneur is often in a position of having to market SELF as much as PRODUCT or SERVICE, he or she has additional factors to consider. Development of the appropriate image is particularly crucial for the minority firm that endeavors to reach and develop a market beyond the confines of a specific community area or outside a particular racial/ethnic group.

OBJECTIVES

After completing this module, each participant will be able to:

1) Answer, for his or her business, the question, "What am I attempting to promote through my marketing efforts?"

2) List 3 characteristics of his or her potential customer

3) List 3 basic reasons or motives why people buy

4) Demonstrate understanding of the value of the activities to be performed in the Module III section of the course project

OBJECTIVES (continued)

5) Demonstrate knowledge of cost considerations necessary in developing marketing strategy

6) Develop criteria for selecting most appropriate advertising media for his or her business.

PRE-ASSESSMENT

1) Determine status of student progress, to date, in performance of the Course Project activities.

ACTIVITIES

In order to successfully meet the objectives, each student will:

1) Attend class presentation by instructor or guest minority businessperson (Objectives 1 - 6)

*2) Review and discuss sample Sales Promotion Budget sheet (Objectives 4, 5)

3) Selected readings (optional)

4) Present progress report on status of Course Project

*5) In small groups, work on marketing-related portion of Course Project. (Objectives 1 - 5)

---

* Lab activities

POST ASSESSMENT

1) Question and answer period.

MATERIALS NEEDED

1) Sample "Sales Promotion Budget" sheet
2) Timeline for Course Project.

SALES PROMOTION BUDGET

BUDGET ITEMS									
DIRECT SALES									
BROCHURES									
PRICE LISTS									
SAMPLE KITS									
TRADE SHOWS									
DIRECT MAIL									
SPACE & TIME									
PUBLICITY/ PUBLIC RELATIONS									

MODULE 4

INVESTMENT CAPITAL

RATIONALE

For the average potential minority or female entrepreneur, money acquisition and expenditure activities have only been undertaken to satisfy personal, non-business needs and wants and therefore have not been viewed from the perspective of "investment" and "returns".

In the critical entry stage into a new business venture, the probability is that the beginning minority or female entrepreneur has insufficient financial resources and inadequate access to sources of capital.

OBJECTIVES

After completing this module, each participant will be able to:

1) Enumerate the variables involved in determining capital needs

2) Estimate initial capital requirements, given basic information and data

3) Define the difference, and the relationship, between the "fund raising plan" and the "operating plan"

4) Demonstrate understanding of the essential elements of the "fund raising plan".

5) Identify essential elements of financial projection sheets.

PRE-ASSESSMENT

1) What factors are involved in determining amount of investment capital needed?

2) What is a MESBIC?

ACTIVITIES

In order to successfully meet the objectives, each participant will:

1) Attend class presentation on "Determining the need and choosing the source of initial investment capital" (Objectives 1 - 4)

*2) In triads, identify for the business of each participant categories of initial capital needed and estimate amounts. (Objectives 1, 2)

*3) In triads, prepare a one-page summary contrasting the function and purpose of a "fund-raising plan" with the purpose and function of an "operating plan" (Objectives 3, 4)

4) Participate in group discussion of a sample fund raising plan, focusing on format and essential elements. (Objective 4)

5) Participate in class review and discussion of financial projection sheets and discuss their importance in the Business Plan. (Objective 5)

---

* Lab activities

POST-ASSESSMENT

1) Completion of triad-prepared summaries to satisfaction of the instructor

2) Performance of other activities to the satisfaction of the instructor

MATERIALS NEEDED

1) Your Own Business -- The American Dream (pp.) (instructor reference)

2) Sample Business Plans (Loan Proposals)

3) Entrepreneurship -- Playing to Win (pp. 119-128) (instructor reference)

4) Financial projection sheets

_____ (year) PROJECTED OPERATING STATEMENT FOR: _____ (Name and Address of Business)

	1st MONTH	2nd MONTH	3rd MONTH	4th MONTH	5th MONTH	6th MONTH	7th MONTH	8th MONTH	9th MONTH	10th MONTH	11th MONTH	12th MONTH	TOTAL
Gross Sales or Receipts													
Less: Cost of Goods Sold													
Gross Profit:													
Less Expenses: Accounting & Legal													
Advertising													
Bad Debts													
Depreciation													
Insurance													
Interest													
Rent													
Repairs & Maintenance													
Salaries & Wages (to others)													
Supplies													
Taxes & License													
Travel													
Other Expenses:													
109 Total Expenses:													110
Projected Owner's Withdrawals													
Net Profits before Income Tax													

	START OR PRIOR TO LOAN	1ST MONTH	2ND MONTH	3RD MONTH	4TH MONTH	5TH MONTH	6TH MONTH	7TH MONTH	8TH MONTH	9TH MONTH	10TH MONTH	11TH MONTH	12TH MONTH	TOTAL YEAR	%	Inc. CC %	
1 TOTAL SALES (NET)																	1
2 COST OF SALES *																	2
3 GROSS PROFIT (LINE 1 MINUS 2)																	3
4 EXPENSES (OPERATING)																	4
5 SALARIES (OTHER THAN OWNER)																	5
6 PAYROLL TAXES																	6
7 RENT																	7
8 UTILITIES (INCL. PHONE)																	8
9 INSURANCE																	9
10 PROFESSIONAL SERVICES (i.e., ACCT.)																	10
11 TAXES AND LICENSES																	11
12 ADVERTISING																	12
13 SUPPLIES (FOR business)																	13
14 OFFICE SUPPLIES (FORMS, POSTAGE, ETC.)																	14
15 INTEREST (ON LOANS, CONTRACTS, ETC.)																	15
16 DEPRECIATION																	16
17 TRAVEL (INCL. OPERATING COSTS OF VEH.)																	17
18 ENTERTAINMENT																	18
19 DUES AND SUBSCRIPTIONS																	19
20 OTHER																	20
21																	21
22 TOTAL EXPENSES (ADD LINES 5 THRU 21)																	22
23 PROFIT BEFORE TAXES (LINE 3 minus 22)																	23

CASH FLOW PROJECTIONS

24 INCOME (CASH RECEIVED)																24
25 CASH SALES																25
26 COLLECTION OF ACCTS. REC.																26
27 OTHER																27
28 TOTAL INCOME (ADD LINES 25, 26 & 27)																28
29 DISBURSEMENTS (CASH PAID OUT)																29
30 OWNER'S DRAW																30
31 LOAN REPAYMENTS (PRINCIPAL ONLY)																31
32 COST OF SALES (LINE 2)																32
33 TOTAL EXPENSES (MINUS LINE 16)																33
34 CAPITAL EXPENDITURES (EQUIP., BLDGS., VEH., LEASEHOLD IMPR.)																34
35 RESERVE FOR TAXES																35
36 OTHER																36
37 TOTAL DISBURSEMENTS (LINES 30 THRU 36)																37
38 CASH FLOW MONTHLY (LINE 28 MINUS 37)																38
39 CASH FLOW CUMULATIVE (LINE 38 PLUS [redacted] OF [redacted] IOU[redacted]																39

*LINE 2 - COST OF SALES: RETAIL - BEGINNING INVENTORY PLUS PURCHASE MINUS ENDING INVENTORY. MANUFACTURING - COST OF MATERIAL, LABOR MANUFACTURING

111

112

MODULE 5

FINANCIAL PLANNING AND MANAGEMENT

RATIONALE

Once initial financial hurdles are overcome, survival and growth require, on the part of the small business owner/manager, continued sound fiscal planning and financial decision-making. The degree of skill required of the minority owner/manager is greater in a small business because of the small margin for error (limited opportunity to compensate for losses).

Given that in a small business the owner/manager is responsible for the planning, organization and control functions of the enterprise, the beginning minority or female owner/manager must understand that, from "day one", continuing maintenance of financial records is not only fundamental, but vitally necessary, for day-to-day assessment of direction, trend and current status of the business, and determination of possible needs for future capital.

OBJECTIVES

After completing this module, each participant will be able to:

1) Recognize and define significance of a Balance Sheet and an Income Statement

2) List the essential elements of a record-keeping system that pertain directly to "Financial Planning and Management"

OBJECTIVES (continued)

3) Given necessary data, calculate and evaluate the projected cash flow of a small business and indicate what, if any, corrective action is needed

4) Demonstrate awareness of the role of a CPA in small business financial planning and management

5) Identify sources of financial management assistance available to the minority small business owner/manager.

PRE-ASSESSMENT

1) What is the purpose of a budget in a small business organization?

2) What is the significance of "working capital"?

3) What is meant by the term, "cash flow"?

ACTIVITIES

In order to successfully meet the objectives, each participant will:

1) Attend class presentation by the instructor (Objectives 2, 4, 5)

*2) Read Chapter 8, "Records and Financial Statements", Your Own Business -- The American Dream (Objectives 1 - 3)

* Lab activities

ACTIVITIES (Continued)

3) In triads, work on one or more of the cash flow projections being prepared by group members in their Business Plan Development (Objective 3)

4) Participate in group question and answer session following presentation and exercises (Objectives 1 - 5)

5) Student option. (Objectives 1 - 5)

POST ASSESSMENT

1) Evaluation of participation in "cash flow projection" exercise

2) Instructor evaluation of question and answer session.

MATERIALS NEEDED

1) Key questions

2) Worksheets

3) Your Own Business -- The American Dream, Chapter 8

4) Selected materials necessary for presentation.

---

* Lab activities

MODULE 6

FINANCIAL PLANNING AND MANAGEMENT

"CAPITAL AND MORE CAPITAL"

RATIONALE

The minority small business owner/manager can seldom count on available financial sources from within his or her primary reference group (family, friends, neighbors) and must, therefore, be constantly aware of the financial condition of his or her business and maintain a good working relationship with a lending institution or a financial broker.

OBJECTIVES

After completing this module, each participant will be able to:

1) Define the following terms:

   a. equity capital
   b. debt capital
   c. net working capital
   d. capital structure
   e. short term loan
   f. term loan
   g. secured loan

2) Compare financial condition requiring long term loan with financial condition requiring short term loan

3) Name three types of bank loans

4) List 6 categories of information used by a potential lender to evaluate a loan application

OBJECTIVES (continued)

5) Demonstrate awareness of differences between obtaining an SBA loan and a bank loan

6) Describe progress and problems, to date, in completing the course project.

PRE-ASSESSMENT: NONE

ACTIVITIES

In order to successfully meet the objectives, each student will:

1) Attend class presentation by commercial loan officer of a bank (Objectives 3, 4, 5)

2) Attend class presentation by SBA representative (Objectives 4, 5)

*3) Read excerpts of Part 3 -- "How to Raise Long and Short Term Capital, Successful Management of the Small and Medium-Sized Business (Objectives 1 - 5)

*4) Participate in question and answer session with the instructor on presentations and readings (Objectives 1 - 5)

5) Participate in class discussion of problems encountered and progress made thus far on the course project

6) Student option. (Objectives 1 - 6)

---

* Lab activities

POST ASSESSMENT

1) Completion of activities to the satisfaction of the instructor

2) Short pencil-paper test.

MATERIALS NEEDED

1) Timeline for Course Project

2) Excerpts from Successful Management of the Small and Medium-Sized Business.

MODULE 7

SKILLS INVENTORY REVISITED

RATIONALE

Small business owner/managers represent all levels of their business organization simultaneously. As such, they are responsible for short term, as well as long term planning. They make the decisions, solve the problems, set the policy. Within their organization they are the recognized leader and authority figure. To perform effectively in this role, therefore, requires well-developed skills in making decisions, delegating authority and communicating effectively.

OBJECTIVES

After completion of this module, each participant will be able to:

1) Demonstrate effective decision-making ability
2) Demonstrate ability to delegate authority effectively
3) Demonstrate ability to communicate effectively

PRE-ASSESSMENT: NONE

ACTIVITIES

In order to successfully meet the objectives, each participant will:

1) Attend presentation on the leadership role of the small business owner/manager and the responsibility of that role in maintaining organizational effectiveness (Objectives 1 - 3)

*2) Read "Delegating Work and Responsibility", Marketers Aid No. 91

*3) Participate in "in-basket-out-basket" exercise (Objectives 1, 2)

*4) Participate in role-playing exercise -- manager and subordinate (Objectives 2, 3)

5) Student option. (Objectives 1 - 3)

POST ASSESSMENT

1) Performance of activities to the satisfaction of the instructor.

MATERIALS NEEDED

1) Exercise materials

---

* Lab activities

XYZ MAINTENANCE CO.

Instructions

For this exercise, consider yourself owner-manager of XYZ Maintenance Co. which provides "Complete Commercial and Industrial Janitorial Service." Although you have two persons who serve as Assistant Managers, you have operated, in essence, a one-man show. Your business has grown to the point that you now have, in addition to your two Assistant Managers and an Executive Secretary, five work crews. Each crew consists of a foreman and four members.

It is now 7:00 a.m., Monday, May 17. You were out of town the entire previous week because of a family emergency. You have to leave at 8:30 a.m. for a one-week business trip that you can't possibly miss. The out-of-town business will keep you so busy you will not be able to take work with you or be able to contact anyone by phone.

Your unavailability and a review of your inbox indicate the immediate need for an organization chart. Prepare an organization chart and deal with the inbox materials as though you are Lynn James, the Owner-Manager, and get as much done as possible before leaving.

XYZ MAINTENANCE CO.

Employee List

Owner-Manager:	Lynn James
Assistant Manager:	Henderson Watson
Assistant Manager:	Lee Max
Executive Secretary:	Kelley Anderson
Foreman - Crew 1:	Ernest Atienza
	Paul Jones
	Richard Blue
	Lawrence O'Hara
	Fred King
Foreman - Crew 2:	Frank Bayard
	Henry Jacobs
	William Gardner
	Rick Martinez
	Raymond Chan
Foreman - Crew 3:	Ron Coleman
	Keith Jackson
	Steven Jung
	Tony Lopez
	Bill Olliver
Foreman - Crew 4:	John Darby
	Charles Rucker
	Ronald Andrade
	Bill Douglas
	Dan Dropkin
Foreman - Crew 5:	Dan Elliott
	Les Carter
	Mike Foster
	Roger Chung
	Wally Johnston

May 14, 1976

XYZ Maintenance Company
7734 Hale Street
San Francisco, California 94009

Dear Sir:

I employed your services on April 1, 1976 to clean the walls of my five-room home. I was very satisfied with the results and the price.

However, one of my favorite antique lamps was broken by one of the crew members. Mr. Darby, the foreman, said not to worry, it would be taken care of by your insurance company. He did not at the time have any claim forms with him. As of today, I have not heard or received anything concerning this matter.

The lamp was a family heirloom and very special to my family. Although monetary payment is a small replacement for sentimental value, I hope this matter can be handled expeditiously.

Sincerely yours,

Mrs Estella Ray

Mrs. Estella Ray
3615 Hanover St.
San Francisco, Calif. 94116

Received May 11, 1976 - ka

DATE: May 14, 1976

TO: Ms. James

DEPT:

FROM: Kelley Anderson
Exec Secty.

COMMENTS:

I think maybe you should contact, or have somebody contact Sam Leaks Plumbing Supplies. I sent them a bill for services rendered on April 26, and follow-up reminders on May 3 and May 10, 1976.

ka

FS-43
2/72

5/13

Lynn,

Congratulate me! I've just received my certificate from the Downtown Evening College in Personnel Administration – the course you suggested I take.

Kelley

DATE: May 12, 1976

TO: Lynn James

FROM: Henderson Watson , Assistant Manager

HW

Lynn, didn't know if you were aware of this or not: Our special solvent for cleaning greasy and oily floors uses a special chemical, protothalomide. According to an article in the latest issue of our trade magazine, the FDA has stated that there is a strong possibility this chemical can cause cancer. A more definitive FDA statement on the subject is expected in about a month.

DATE: May 11, 1976

TO: Lynn James

FROM: Henderson Watson, Assistant Manager

HW

Some good maintenance equipment which we could use is being made available at an auction to be held Wednesday, May 19, 1976. If you can't attend, I think someone from the company should, but if it's not you that will be attending, an authorized expenditure amount will have to be known.

I have seen the equipment to be auctioned and am familiar with the state of existing equipment being used by our crews. For an expenditure of no more than $300.00 I feel we could improve our equipment problems considerably.

CITY DEVELOPMENT CORPORATION

Lynn James, Owner/Manager
XYZ Maintenance Company
7734 Hale Street
San Francisco, Calif. 94009

Dear Mr. James:

Your authorization for the bid submitted to us by Mr. Max has been received and is competitive. Mr. Max's presentation was quite impressive, I might add.

Prior to our final selection of a maintenance contractor we must obtain additional information from the top three bidders. Here at CDC, we deal almost exclusively with government contracts and as such we are watched very closely to ensure that all organizations with whom we do business adhere to equal employment opportunity.

We, therefore, need to know:

-- the status of ethnic minority and female employment in your company

-- a brief description of your Affirmative Action Plan.

Your prompt attention to this matter will be sincerely appreciated.

Sincerely,

Fred Wong

Fred Wong
Executive Director

FW;na

5/14

Lynn,

Mr. Elliott's wife, Donna, is expecting a baby around June 5. May I plan a shower for her at my home and invite the fellows' wives?

Kelley

Sam Leaks Plumbing Supplies
100 Dripp Street
San Francisco, Calif. 94112

Lynn James, Owner-Manager
XYZ Maintenance Co.
7734 Hale Street
San Francisco, California 94009

Dear Lynn:

We have received your billing "for maintenance services rendered" during April. As you know, we arranged a one-month trial agreement with you, preliminary to signing a one-year maintenance contract.

I want you to know that your work crew has done a wonderful job. Our complaint, however, is that the estimate received before entering the trial arrangement does not correspond to the amount your charged us. Please let us hear from you regarding this disparity so that we can discuss a one-year contract. As I said, we are quite pleased with the quality of work that has been performed.

Yours very truly,

Royal Flush, Accountant
for Sam Leaks Plumbing Supplies

RF:jc

DATE: 5/12/76

TO: Mrs. Anderson

FROM: Frank Bayard, Crew #2

Both of our floor polishing machines are acting up - we have been repairing them ourselves but they really need replacing. Please give this message to someone.

Lynn.
Do you want to handle this, or should I give it to Lee or Henderson?

Kelley

XYZ MAINTENANCE COMPANY

7734 Hale Street
San Francisco, California 94009

"AT XYZ - YOUR DIRT IS OUR DAILY BREAD"

WEEKLY FIELD REPORT
WEEK OF MARCH 28 - APRIL 2, 1976

DATE	CREW # 4 FOREMAN JOHN DARBY	CLIENT ADDRESS & TELEPHONE	REMARKS
3/28/76	1. Ruchers 2. Andrade 3. Douglas 4. Dropkin	Foster Marbles, Inc. 1-2 Mini Granite Eater Rd. 432-1109	no problems
3/29/76	1. Ruchers 2. ____ 3. Douglas 4. Dropkin	U.P. Moore/Offton 2000 Beer Keg Lane 876-5432	~~needs more~~ paper towel dispenser broken
3/30/76	1. Ruchers 2. Andrade 3. Douglas 4. Dropkin	Ima Hog Restaurant #1 Munchy Way 110-9876	~~left notice~~ regarding gas leak called mgr.
3/31/76	1. ____ 2. Andrade 3. Douglas 4. Dropkin	U.P. Moore/Offton 876-5432 2000 Beer Keg Lane	dispenser replaced
4/1/76	1. Ruchers 2. Andrade 3. Douglas 4. Dropkin	see 3/28 Mrs. Estella Rayt 555-2345 3615 Hanover St.	no problems broken lamp (our fault)
4/2/76	1. Ruchers 2. Andrade 3. Douglas 4. ____	see 3/30/76	thank you note from mgr. re: gas leak notice

IN-BASKET-OUT BASKET EXERCISE

Self Evaluation Form

Planning and Organizing

Behaviors		Effectiveness (+) or (-)
a.	Scanned information first to get "feel" for problem	(___)
b.	Arranged given information into workable analysis units	(___)
c.	Took notes to keep track of significant data/information	(___)
d.	Finished assignment on time	(___)

Perception

a.	Distinguished between relevant and non-relevant data/information	(___)
b.	Concentrated on those factors which had most impact on decision to be made	(___)
c.	Recognized the inter-relationships of various parts of the data provided	(___)
d.	Was able to see the "whole picture" gave all relevant factors equal consideration	(___)

Decision-Making

a.	Developed "pro" and "con" arguments for each of the two alternatives	(___)
b.	Carefully weighed the consequences of each of the two alternatives	(___)
c.	Made decision which was supported by information available	(___)
d.	Understood the various impacts of the decision I made	(___)
e.	Stated decision positively, ready to stand behind it	(___)

IN-BASKET-OUT-BASKET EXERCISE

Self Evaluation Form
(continued)

Analysis Discussion Question

1. What, if anything, would you do differently if faced with a similar assignment?

MODULE 8

LAWS AND TAXES

RATIONALE

The complexity and volume of legal regulations concerned with owning and operating a small business render it impractical for the small business owner/manager to attempt to do more than develop an awareness of the basic legal requirements involved.

Minority small business ownership/management training should result in that awareness of basic requirements, but also in recognition of the need for access to legal expertise on a continual basis. This access is required for continuing abailability of necessary legal advice, guidance and/or representation depending on the particular need of a given circumstance.

OBJECTIVES

After completing this module, each participant will be able to:

1) Demonstrate understanding of why a small business owner/manager requires on-going availability of legal counsel

2) Identify the federal, state, and local taxes with which any business owner/manager must be concerned

3) Demonstrate comprehension of what the essential records are that must be maintained for tax purposes

OBJECTIVES (continued)

4) Describe the process he or she will use to select a lawyer.

PRE-ASSESSMENT

1) List 5 federal taxes and 5 state taxes for which records should be maintained in a small business.

ACTIVITIES

In order to successfully meet the objectives, each student will:

*1) Read pp. 163-168, Your Own Business -- The American Dream, and participate in small group discussion (Objectives 2, 3)

2) Participate in class review of Chapter 28, "Lawyers as Legal Advisors" from Entrepreneurship -- Playing to Win (Objectives 1, 4)

*3) Participate in small group discussion of "Picking a Lawyer", p. 268 of above reference

*4) In triads, develop multi-page outline of normal and emergency situations requiring legal counsel. (Objective 1)

5) Student option. (Objectives 1 - 4)

* Lab activities

POST ASSESSMENT

1) Instructor's satisfaction as to level of participation in activities

2) Contribution to triad project to satisfaction of the instructor

3) Completion of triad project.

MATERIALS NEEDED

1) Your Own Business -- The American Dream, pp. 163-168

2) Entrepreneurship -- Playing to Win, Chapter 28.

MODULE 9

INSURANCE

RATIONALE

Insurance needs are critical for the minority entrepreneur whose business locat on may well mean greater risk in the area of crime, fire, etc.

Minority entrepreneurs should understand the liabilities of their business as represented by themselves, their employees, and the public to ensure that insurance is sufficient to spread or eliminate the risk involved.

OBJECTIVES

After completing this module, each participant will be able to:

1) Identify the risks involved in his or her business and select the appropriate insurance coverage

2) Demonstrate awareness of the decision factors involved in selecting an appropriate carrier

3) Recognize the value of an insurance agent or broker in ensuring adequate coverage.

PRE-ASSESSMENT: NONE

ACTIVITIES

In order to successfully meet the objectives, each participant will:

1) Participate in class discussion of Chapter VII, "Insurance and Risks," in Your Own Business -- The American Dream (Objectives 1, 2, 3)

*2) Complete Insurance Checklist for Small Business, Small Marketers Aid No. 148 (Objective 1)

*3) Participate in small group discussion of questions and problems involved in completing the Checklist (Objective 1)

*4) Participate in group question and answer session based on small group-generated questions and problems (Objectives 1, 3)

5) Work on his or her course project, with instructor available for assistance (Optional)

6) Student option. (Objectives 1, 2, 3)

POST ASSESSMENT

1) Completion of Checklist activities to satisfaction of the instructor.

MATERIALS NEEDED

1) Insurance Checklist for Small Business, Small Marketers Aid No. 148.

---

* Lab activities

MODULE 10

PEOPLE RELATIONS -- INTERNAL
THE PERSONNEL FUNCTION

RATIONALE

The quality of the relationship between employer and employee is vital to the functioning of a small business; therefore, the manager's system of recruitment and selection must be carefully developed and based upon an accurate assessment of manpower needs.

There are, for the minority small business manager, unique problems that may be encountered in the realm of personnel management. His or her personnel management training should include, in addition to exposure to a summary of standard personnel practices, strategies aimed at maintaining employee morale, motivation and productivity.

OBJECTIVES

After completing this module, each participant will be able to:

1) Conduct a job interview with a prospective employee

2) Write a job description

3) Identify the need for maintaining specified personnel records

4) Develop an estimate of manpower needs for his or her b siness

5) Read, and demonstrate comprehension of, an organization chart

OBJECTIVES (continued)

6) Complete relevant portion of a Business Plan

7) Establish a tentative approach to a "low morale" problem

8) Demonstrate comprehension of the necessary steps to take in terminating an employee.

PRE-ASSESSMENT: NONE

ACTIVITIES

In order to successfully meet the objectives, each participant will:

1) Participate in class review and discussion of "Personnel for the Small Business", Small Business Reporter, Volume 9, No. 8 (Objective 1, 2, 8)

2) Attend instructor's presentation on "The Human Side of the Enterprise" (Objectives 5, 7)

*3) Read, in small group sessions, selected excerpts from Entrepreneurship -- Playing to Win, Part III, "People"; and from Chapters 5 & 6, Successful Management of the Small and Medium-Sized Business (Objectives 1, 3, 4, 6, 7, 8)

*4) Participate in role playing exercise on "Conducting a Job Interview" (Objective 1)

5) Student Option. (Objectives 1 - 8)

* Lab activities

POST ASSESSMENT

1) Completion of activities to the satisfaction of the instructor

2) Student responses to instructor's randomly distributed questions.

MATERIALS NEEDED

1) Blank job application forms and sample job descriptions

2) Selected excerpts

3) "Personnel for the Small Business"

MODULE 11

PEOPLE RELATIONS -- EXTERNAL
CUSTOMER, COMMUNITY, SUPPLIER

RATIONALE

The astute small business entrepreneur develops those community associations and relations deemed most beneficial to the enterprise. Successful minority entrepreneurship, especially, requires an understanding of community dynamics.

Minority owners/managers need to understand that there is an element of "public relations" in development of good community relations, and image is important to the minority entrepreneur both within and outside the specific community in which the small business is located.

OBJECTIVES

After completing this module, each participant will be able to:

1) Compare and contrast the concept of "customer relations" among retail, wholesale, manufacturing and service businesses

2) Explain if and how establishment of good community relations serves his or her marketing function

3) Demonstrate comprehension of importance of good community, customer and supplier relationships.

PRE-ASSESSMENT: NONE

ACTIVITIES

In order to successfully meet these objectives, each participant will:

1) Attend panel discussion in class on "Importance to My Business of Good Customer, Community and Supplier Relations" by three minority business owners/managers representing retail, manufacturing and service businesses (Objectives 1, 2, 3)

2) Participate in question and answer session with panel members following the panel discussion (Objectives 1, 2, 3)

*3) Participate in group discussion on the previous proceedings (Objectives 1, 2, 3)

4) Complete the following: The relationship between community relations and marketing may be stated as follows: _____. (Objective 2)

5) Student option. (Objectives 1 - 3)

POST ASSESSMENT

1) Performance of activities to the satisfaction of the instructor.

MATERIALS NEEDED

1) Statements to be completed by the students.

---

* Lab activities

MODULE 12

GOVERNMENT RELATIONS

RATIONALE

The "WHY" and "HOW TO" of developing communication and rapport with appropriate Government officials and agencies is an important training component for the small business entrepreneur. A good relationship with the various levels of Government is an asset worthy of the time and effort required to develop it. If the training can provide future minority businesspersons with a higher degree of sophistication regarding government operations, they will be better able to let the system work for, rather than against, their business operation.

OBJECTIVES

After completing this module, each participant will be able to:

1) Identify those government agencies or departments at the Federal, State, or local level with which good relations should be developed for the benefit of his or her business

2) Define the benefits to his or her business of developing good relations with the various government entities identified.

PRE-ASSESSMENT: NONE

ACTIVITIES

In order to successfully meet the objectives, each participant will:

1) Review and discuss in group sessions pp. 157-163, Chapter X, "Government Regulation of Business, Your Own Business -- The American Dream (Objectives 1, 2)

2) Attend class lecture on "Importance to Minority Business Owner/Manager of Establishing Good Government Relations" (Objectives 1, 2)

*3) Write multi-page essay in topic, "Government Entities With Whom I Should Establish Good Relations and Why" (Objectives 1, 2)

4) Student options. (Objectives 1, 2)

POST ASSESSMENT

1) Essay review.

MATERIALS NEEDED

1) Your Own Business -- The American Dream, pp. 157-163

---

* Lab activities

MODULE 13

BUSINESS TERMINATIONS

RATIONALE

Small business owners get out of business for various reasons. Knowing how to get out requires comprehensive knowledge of the options available. The best time to learn how and when to sell, liquidate or terminate a small business enterprise, then, is during small business ownership/management training rather than when immediately confronted with the situation requiring such a decision be made. The training should include teaching how to recognize the vital signs of the business and how to know what the financial capabilities are when confronted with the change in need for services or products. In addition, the student must learn what records must be retained and which persons and/or agencies must be notified.

OBJECTIVES

After completing this module, each participant will be able to:

1) Identify reasons an entrepreneur may want to get out of business

2) Idenfity necessary steps and procedures of getting out of business

3) Respond to the question - "Is business failure necessarily a disgrace to an entrepreneur?"

4) Identify those business records which must be maintained when closing the business.

PRE-ASSESSMENT

1) Would you feel disgraced if your business bombed?

ACTIVITIES

In order to successfully meet the objectives, each participant will:

1) Attend class presentations on "How to Get Out of Business" (Objectives 2, 4)

*2) Participate in group review and discussion of Chapter 27, "Exit This Way", Entrepreneurship -- Playing to Win (Objectives 1, 3)

*3) In small groups, develop outline of steps each person would follow in closing his or her business (Objective 2)

4) Student option. (Objectives 1 - 4)

POST ASSESSMENT

1) Performance of activities to the satisfaction of the instructor.

MATERIALS NEEDED

1) Entrepreneurship -- Playing to Win, Chapter 27.

---

* Lab activities

SMALL BUSINESS OWNERSHIP/MANAGEMENT TRAINING FOR MINORITIES AND FEMALES IN A POST SECONDARY SETTING

INSTRUCTORS' GUIDE

TABLE OF CONTENTS

INTRODUCTION

A) The Competency-Based Instructional Module

B) Overview of Module and Course Objectives

C) Activities Guideline

GUIDE TO MODULE INSTRUCTION

A) Instructor Notes (suggestions for instruction of course, overall)

B) Instructor notes (module by module suggestions for instruction of course)

INTRODUCTION

A. THE COMPETENCY-BASED INSTRUCTIONAL MODULE

This course consists of thirteen instructional modules* which provide the basic outline for planning and instructing the total course. Each individual module is constructed to conform to, and serve, the competency (performance) basis of this course. In the context of a minority and female oriented curriculum of this subject area, the competency-based model is particulary appropriate in that it is outcome-oriented, providing the student as well as the instructor a greater degree of flexibility in determining what approach (selecting which activities) to use tc achieve the performance objectives. The following elements (in the order given) constitute the modular format:

... Rationale

A brief statement which provides a backdrop for the module content and serves as an indicator of the importance of the module in the context of the total course.

.. Objectives

A listing of explicitly defined expectations of student behavior upon completion of the instruction.

... Pre-Assessment

A listing of brief activities or exercises which may be used to determine appropriateness of "objectives" and indicate modifications necessary in "activities".

... Activities

Listing of teaching-learning activities to be undertaken to facilitate students' achievement of module objectives.

... Post-Assessment

Listing of evaluative techniques and/or procedures which provide the instructor with an indication of the level of each student's competence in the achievement of the behavioral objectives.

... Materials Needed

Itemized list containing materials needed to perform the "activities".

The introductory course, by definition, was directed at the "what is" of small business ownership/management. In other words, the overall course objective was to develop the students' awareness of and give students exposure to the personal and financial requirements and demands of small business ownership/management.

The primary thrust of this course, on the other hand, is necessarily directed at the "how to" for successful participation in the small business world. In conjunction with the topical instruction as indicated by module titles, each student will, as a course project, develop a Business Plan for his or her business. As an instructor, you will serve as a resource person for the student in completing his/her Business Plan. The course project accomplishes a dual purpose in the overall scope and objective of the course.

Firstly, the activities involved in putting the Business Plan together serve as a vehicle for enabling practical application of knowledges and skills gained in the module-directed instruction on the various course topics - market research/analysis, marketing, finance, personnel, etc. Secondly, the student will leave the course with a tangible product, usable as a beginning guide for his or her business operations and, beyond that, as an on-going reference source for review of subjects covered throughout the course.

Each module in the course contains its own specific objectives relating to the module subject. Each of the modules, as well, contributes to the overall course objective of providing a comprehensive

"how to" of undertaking a small buisness venture. The course project serves as a facilitator in achieving the overall objective.

B. OVERVIEW OF MODULE AND COURSE OBJECTIVES

Specific instructional objectives, enumerated in each module, are stated in behavioral terms and constitute the crux of the competency-based course. The achievement of these objectives by the students will serve as the primary basis of evaluation for judging the adequacy of your instruction and the "competency" of the participating students.

The explicitness of the objectives should be noted. Because the objectives are stated in terms of behavioral requirements, vague behavioral action words such as "know" or "understand" are insufficient and not applicable. The utilization of explicitly-stated objectives (e.g., the student will be able to assess ..., name ..., list ..., etc.) is advantageous to both the student and the instructor. Individually and collectively, the students will be certain of what is expected of them, and of th means and basis of their evaluation. Advantages to the instructor include the facilitating effect of such objectives on selection of suitable learning activities and on assessing the students' degree of accomplishment of the objectives.

This course may be offered as a follow-up to the Introductory course or may be offered as a course for minority and female persons who are either already in the beginning stages of owning and/or managing a business, or on the verge of becoming an owner and/or manager.

C. ACTIVITIES GUIDELINES

The listed activities in each module are designed to achieve the enumberated objectives. The instructor should keep in mind, however, in preparing instruction for a particular module, that the conceptual base of the competency-based course requires the role of the "Ojbectives" to be the focal point. The outcome-oriented nature of a performance-based module not only permits, but requires, flexibility in determining specific activities.

For instance, the pre-assessment may indicate a certain performance objective has been satisfied by some or all the students. The activity designed for that objective should then be altered or removed to adapt to the indicated (class and pupil) level of accomplishment. There also will be instances in which the instructor, in drawing upon his/her own experiences and expertise, will feel more comfortable, and more confident of achieving an objective, with a different activity than one listed in the prepared module.

In summary, the activities must be geared to the objectives; therefore, a flexible approach in planning specific activities is required. Instructors should note the built-in flexibility in each module provided for the students in determining optional activities for achieving specified objectives.

GUIDE TO MODULE INSTRUCTION

A. INSTRUCTOR NOTES (suggestions for instruction of course, overall)

.. At the initial class session (or sooner, if possible) familiarize yourself with the business ventures your students are undertaking. By so doing, you can prepare to orient topical instruction in the specific areas of the indicated businesses and thus individualize the instruction more effectively.

.. Thoroughly review the students' Course Project prior to the initial class session in order to be familiar with the nature, scope and expectations of the project. This will enable you to (1) provide a thorough orientation of the project at the first class session and (2) prepare yourself to serve as a resource person for the students in their course project performance.

.. Throughout the course, use small group exercises, seminar-type presentations and other exercises requiring student participation whenever possible, rather than straight lecture. Pilot test experiences indicated student regard for this manner of instruction as a more productive and beneficial teaching-learning experience.

B. INSTRUCTOR NOTES (module-by-module suggestions for instruction of course)

Instructors should note that modules themselves serve as the primary "instructor guides". It is suggested, however, that prior to instruction of a particular module, the following module-by-module Instructor Notes be reviewed. The Instructor Notes are arranged as follows for each module:

FOCUS

... The central theme of the module -- representing a synopsis of module objectives.

SUGGESTIONS

... Suggestions concerning activities and materials, based on developer's testing experiences.

MODULE 1

FOCUS

- Orientation of the student in terms of course content and competency-based instruction
- Introduction of course project
- Exposure to skills, knowledges, abilities associated with successful small business ownership/management

SUGGESTIONS

Activities

- Conduct an introductory interaction exercise early in the session to begin inter-student communication -- name tags facilitate the process. A self-introduction session in which the students would share their proposed or beginning business ventures would suffice.
- Exphasize student responsibility in your orientation to competency-based instruction, to include discussion of "Student Options" in terms of alternative activities undertaken to meet module objectives.
- Provide overview and orientation to Course Project, reviewing in class the "Notes to the Student." (It is left to your discretion how you want to distribute the Course Project to the students, i.e., as a total package all at once or one section at a time, per each module.)

Materials

- You should note, and point out to the students, that the two handouts - "Vocabulary" and "Ownership/Management Skills, Knowledges and Abilities" - represent only beginning lists and should be embillished and expanded by the students as the course progresses.

- Familiarize the students with the Small Business Administration (SBA) publications indexes and other such indexes as may be available in your area. In California, for instance, the Bank of America has an index of the publications in its "Small Business Reporter" series.

MODULE 2

FOCUS

- Purpose, function and procedures of market research/analysis
- Business Plan purpose, function; basic components

SUGGESTIONS

Activities

- Adapt the use of the "Market Research/Analysis Procedures Outline" to the best advantage of your student group. It is adaptable for use in Activity 3 or Activity 5; it may be used as the basis for an in-class brainstorm session; and/or it may be used as a homework assignment, as an aid in completing the relevant component of the course project.
- Dependent upon your background and experience in market research/analysis, you may or may not want an experienced market analyst present as a back-up resource.

Materials

- See first "Activities" suggestion

MODULE 3

FOCUS

- Decision factors involved in all aspects of marketing - sales, sales promotion, advertising, pricing, etc.

SUGGESTIONS

Activities

- Tie in the class activities closely with Marketing portion of course project to ensure, early in the course, that the students maintain schedule in developing their Business Plans.

- Distribute to each student a blank "Sales Promotion Budget" sheet to be used both as a student worksheet and as the basis of Activity 2 review and discussion. Be conscious of the "Sales Promotion Budget" serving as a transition vehicle from "marketing" instruction to upcoming instruction in assessment of capital needs.

Materials

- Order the 4 SBA Small Marketers Aids - SMA 153, 150, 221, 218 - to ensure their availability, in sufficient quantity, for distribution this class session. Each student should have a copy of the particular aid(s) appropriate to his/her business.

MODULE 4

FOCUS

- Investment capital - determining initial capital needs in the new enterprise.
- The Business Plans as a "fund raising" document

SUGGESTIONS

Activities

- In the initial presentation, include discussion of differences among types of business - retail, service, manufacturing - in purpose and probable amount of initial capital needed.

MODULE 5

FOCUS

- Financial statements, financial recordkeeping, financial planning, financial projections.

SUGGESTIONS

Activities

- Correlate activities as closely as possible to the Module 5 section of the students' course project.

- In place of working in triads in Activity 3, you may want to consider allowing that class time to be used by the students to work individually on the Module 5 section of the course project, with you available as a resource person.

Materials

- It is suggested that, prior to class time, prepare responses to expected questions from the students, based on your knowledge of the students and their respective proposed or beginning businesses.

MODULE 6

FOCUS

- On-going capital need assessment; capital acquisition

SUGGESTIONS

Activities

- Relate Activities 3 and 4 to current and expected operations of the businesses represented by the students.

- Review with the students the discussion of "Breakeven Analysis" in the Module 6 section of the course project.

MODULE 7

FOCUS

- Managerial decision-making; effective delegation of authority

SUGGESTIONS

Activities

- One hour is sufficient time to provide for the students in performing the "in basket-out basket" exercise. The exercise should be followed with students sharing the decisions they made with the entire class (or with small group sharing of decisions made). While there is no absolutely correct answer, the students should be able to support the decisions they made.

- For Activity 4, contrive any job situation (perhaps with the help of the students) involving verbal communication between a manager and his subordinate.

Materials

- Sample organization charts can serve as effective props in the first two activities. This will also be helpful to the students in performing the activities of the Module 7 section of the course project.

MODULE 8

FOCUS

- Legal aspects of starting and operating a small business enterprise - permits, licenses, taxes, etc. - and on-going need for legal counsel.

- Tax liabilities of the small business owner/manager and resultant recordkeeping requirements.

SUGGESTIONS

Activities

- A minority or female attorney who is familiar with the legal aspects of small business operations is an excellent resource for this class - either as a guest lecturer or as an in class authority able to answer questions that may/ should arise.

- Include in the activities a discussion of the differences in federal income tax liabilities among owners, partners and corporations and the consequent decision factors involved in determining when a business should incorporate.

Materials

- Obtain for distribution to the students local information on permit and license requirements for small business operations.

MODULE 9

FOCUS

- The full gamit of insurance needs of the small business organization.
- Policies and procedures on hiring, maintaining and discharging personnel.

SUGGESTIONS

Activities

- A minority or female insurance broker or agent would serve well during this class period as a back-up resource, for providing more detailed information in such aspects of insurance as determination of appropriate "limits" of coverage for various liability risks.

Materials

- Sample insurance policies distributed among the students serve as helpful learning aids - sample policies could include automobile; workmen's compensation; manufactuers and contractors; owners, landlords and tenants; and business "package" policies.

MODULE 10

FOCUS

- Assessment of employment needs in the small business organization.
- Policies and procedures on hiring, maintaining and discharging personnel.

SUGGESTIONS

Activities

- In conducting these activities, point out to the students the elements of personnel policies and procedures that are in common with principles of decision making and delegating authority (Module 7).
- Ensure that the students are in the final stages of their Business Plan preparation. Share with them a planned scheduling of the Module XI section of the course project which covers a minimum of two class sessions. (Ideally, the final section of the course project - presenting prepared Business Plans to classmates and presenting Business Plans for professional review - would be accomplished in two consecutive class sessions following the final instructional class session (Module XIII - Business Termination).

MODULE 11

FOCUS

- establishment and maintenance of effective public and community relations for the small minority business enterprise.

SUGGESTIONS

Activities

- Stress the importance to minority business persons of conveying a positive self image, and that such a portrayal is effective in overall marketing strategy.

MODULE 12

FOCUS

- small business relationships with local, state and federal levels of government - in terms of regulations, on the one hand, and sources of assistance, on the other

SUGGESTIONS

Activities

- Include in Activity 2 "lecture not only how government entities serve as sources of protection, information, assistance, etc., but also as potential sources of business, through government contracting. Discuss bidding processes, SBA certification of minority contractors, etc.

Materials

- To enhance the presentation of Activity 2, obtain for distribution and class discussion local newspaper listings of bid solicitations from local government agencies, copies of the Commerce Business Daily for federal government contracting activities, etc.

MODULE 13

FOCUS

- Mandatory and suggested steps and procedures for selling or liquidating a small business enterprise.

SUGGESTIONS

Activities

- Include in class discussions the benefit of obtaining legal advice and counsel, and of working with a CPA, when planning the strategies and procedures of getting out of business, either through sale or liquidation.

COURSE PROJECT

STUDENT GUIDE

TO THE STUDENT:

The Course Project is an integral part of the total SMALL BUSINESS OWNERSHIP/MANAGEMENT course. When you complete it you will have a product that will aid you in the successful operation of your business.

As closely as possible, your course project activities will correlate to the current "in class" subject matter being covered. The total project is divided into the following sections:

I. Your Decision For Self-Employment

II. What Is A Business Plan?

III. The Marketing Section of Your Business Plan

IV. Assessing Your Business Plan

V. The Financial Section of Your Business Plan

VI. The Operating Section of Your Business Plan

VII. The Management Section of Your Business Plan

VIII. Focusing Your Business Plan: Business Policies, Records, Regulations, and Risk Management

IX. Putting It All Together: Reviewing and Refining Your Business Plan

X. Tailoring Your Business Plan to Your Prospective Funding Source

XI. Present Your Business Plan to Your Classmates

Each of these course project sections contains two parts:

1) Fact Sheet

   An informational presentation which indicates the importance of that section;

2) Activities

   Listing of exercises you are to conduct which will lead to the ultimate development of your own Business Plan.

"That you are to conduct" represents an important aspect of the total course project. This is your project for the benefit of your business. The instructor(s) will serve as resource person(s) but you will be the primary author and architect.

It is strongly recommended that you keep current and not lag behind in completing the indicated activities of the respective project sections. Additionally, and finally, it is to your benefit to bring up with your classmates, as well as your instructor(s), any problems you encounter. Portions of class time will periodically be set aside for this purpose.

STUDENT GUIDE FOR COURSE PROJECT

STUDENT GUIDE FOR COURSE PROJECT

INTRODUCTION

Welcome, small business owners and/or managers. This course, in general, is designed to assist you in developing and improving your all around business planning skills and capabilities.

The Course Project, which will be developed through your energies and efforts, is designed to guide you in developing a specific Business Plan for your own business. The Business Plan is a plan that tells ...:

... What kind of business you own/will own

- Is it/will it be a retail store
- Is it/will it be a manufacturing business
- Is it/will it be a service business

... Whom your business serves/will serve

... Where your business operates/will operate

... How your business operates/will operate

... How your business is/will be financed

You may already know much of the information. Some of the essential information may be new to you. Much of the information will be obtained during the course of this semester.

Gathering the information and organizing the information into a business plan so that you may present your plan for evaluation by prospective sources of finance are the objectives of the Project.

Good luck in your business planning!

INTRODUCTION

You have pulled together your experience and your ideas with the information from Course I.

In Course II, you will be guided, through the materials and activities of the Course Project, in the development of your Business Plan.

The purpose of the Course Project/Business Plan is ...

... Getting the information

... Organizing the information

... Preparing the Business Plan

... Presenting your Business Plan to a prospective source of finance.

You will be the architect of your Business Plan. Your instructor(s) will serve as your resource staff.

Good luck in designing your business!

I. YOUR DECISION FOR SELF-EMPLOYMENT

FACT SHEET

Have you carefully considered the reasons why you want to own or manage your own business? You need to ...

... Consider the benefits (the advantages) of owning your own business;

... Consider the disadvantages of owning your own business.

In your analysis ...

... Consider the personal resources you bring to the business -- your leadership, your ability to organize, your willingness to stick-to-it, your work experience in the line of business, your education/knowledge, your willingness to work hard and to work long hours (over a long period of time), your ability and willingness to assume risk. Activity I will help you in this analysis.

... It may help to have someone who knows you well, and whose judgment you trust, give you their evaluation on "How you Measure Up". Activity II will help you get information for your analysis.

... Consider your finances. This analysis will help you get information on what you owe, what you own, and what your family budget is. Activity III will guide your fact gathering. Compare the information resulting from the Small Business Reporter analysis and the Small Business Administration's Form 413.

After considering the information supplied in Activities I, II, and III, you will be better able to evaluate your decision to own your own business.

ACTIVITIES

(As indicated by the forms in the following pages)

BUSINESS KNOW-HOW QUIZ

Yes No

_____ _____ I know that going into business for myself will involve the whole family.

_____ _____ My spouse thinks it's a good idea and is willing to help.

_____ _____ I like to make my own decisions and try my own ideas.

_____ _____ I enjoy being challenged and thrive on competition.

_____ _____ I want to improve my stature in the community.

_____ _____ I want to improve my financial position; build an estate for my family.

_____ _____ I know that my standard of living will be lowered for a while – until the business begins to show a profit. It may take several months, maybe even a year or two, to make a profit.

_____ _____ There's less than a 50-50 chance that I'll still be in business two years from now. I may spend the rest of my life barely making a go of it.

_____ _____ Only about 10% of the businesses started are really successful – 50% fail; 40% are marginal operations.

_____ _____ I might fail.

MANAGEMENT

_____ _____ I realize that about 90% of business failures are caused by inexperience and poor management.

_____ _____ I have several years or more experience in this business.

_____ _____ I know the good things people do to improve a business. I know the mistakes that drive business away.

_____ _____ I know the suppliers and the assistance they provide.

_____ _____ I know the trade association people. I know what they expect of me and what to expect of them.

Yes No

_____ _____ I have a head for figures.

_____ _____ I have experience in keeping inventory records, sales records and reports, withholding taxes for the Federal Government and making out State employee records and reports.

_____ _____ I know I'll always be able to meet my payroll.

_____ _____ I can shoulder the full responsibility of running a business.

_____ _____ I know how to juggle all the little details without cracking under the strain.

_____ _____ I know how to manage my business.

_____ _____ I've always protected myself, my family and my possessions with insurance and sensible safeguards.

_____ _____ I know that employees are the vital link between the business and its customers.

_____ _____ I've had experience in selecting, training and supervising employees.

_____ _____ I know how to develop an assistant "backup" person – to run the business when I'm not there.

_____ _____ I know how to forecast sales and expenses and how to use this information to help make my business more successful.

MERCHANDISING

_____ _____ I know how to find the right location for my business.

_____ _____ I've had experience in arranging attractive and convenient merchandise displays.

_____ _____ I can make my place of business attractive – and stay within the budget.

FROM: SMALL BUSINESS REPORTER, Vol. 7, #7, pp. 3-5

The really important thing is that you are thinking about yourself and how you measure up; you care about whether you and your business will be successful; you are preparing yourself for your own business. The Business Know-How Quiz is a first step in the right direction.

The second step is to carefully evaluate your resources; whether you can afford your own business and whether you have the necessary qualifications for that particular kind of business. The enclosed worksheets will help you make this evaluation. They'll help you determine how much money you have and how much you'll need for your business. They'll help you plan ahead for your business's operation. They'll help you measure yourself against your competition in that business.

If you have enough money and you, personally, measure up to the requirements of the business, you're in pretty good shape. But, one more word of advice: check out some of the following sources for more information on how to go into business for yourself.

FOR MORE INFORMATION:

Checklist For Going Into Business
Small Marketers Aid No. 71
Small Business Administration
Washington, D.C. 20416

Also available from field offices in all major cities of the U.S.

Note: The Small Business Administration has many publications for the prospective businessman. Write to them for indexes to their publications.

Starting and Managing a Small Business of Your Own
U.S. Government Printing Office
Washington, D.C. 20025
50¢ per copy

How to Organize and Operate a Small Business
by P. C. Kelley, K. Lawyer & C. M. Baumback
Prentice-Hall Inc.
Englewood Cliffs, NJ, 1973

How to Run A Small Business
by J. K. Lasser
McGraw-Hill Book Co.
New York, 1963

Business Policy in Growing Firms
by Donald M. Dible
Entrepreneur Press
Santa Clara, CA, 1971

Yes No

_____ _____ I've had experience organizing the help and establishing ways of doing things.

_____ _____ I know what, how much, when and where to buy.

_____ _____ I know how to price my goods and services competitively.

_____ _____ I know how to pay for merchandise, meet expenses and still make a profit.

_____ _____ I know how to control my inventory to coincide with peak and slack periods of the business.

_____ _____ I know how to advertise sensibly.

_____ _____ I know how to encourage customers to buy by making them feel welcome.

_____ _____ I take part in community activities.

_____ _____ I'm a good neighbor; I go out of my way sometimes to do little extra things that build good will.

_____ _____ I've always created a clean, attractive and pleasant atmosphere for customers and employees wherever I've worked.

_____ _____ I've had experience in handling merchandise efficiently.

_____ _____ I know the types of credit to offer that are appropriate to the business and the customer.

_____ _____ I know how to collect past due accounts without losing the customer.

FINANCES

_____ _____ I have some money saved that I've been putting away for my own business.

_____ _____ I have enough money to go into the business I want and I can get more from other sources – my friends and family and from my bank.

_____ _____ I know that the money must be paid back out of profits, after taxes and before I take any money for myself.

Yes No

_____ _____ I realize that my savings will be the "risk capital" for my business.

_____ _____ I know that it's possible for me to lose my savings – as well as the money I borrow from others.

_____ _____ I know that even if my business fails I will have to pay back all I owe.

COMPETITION

_____ _____ I know my community wants, needs, and can support this business.

_____ _____ My community has enough people with enough inclination to spend money for the goods or services I plan to supply.

_____ _____ I've studied my competition, I know who my competitors are, and where they are.

_____ _____ I know what people think of my competition and how good they are.

_____ _____ I want to have the best business in town.

RELATIONSHIPS

_____ _____ I have friends to lean on.

_____ _____ My friends can help me because they are capable of impartial thinking and judgment when they know it will help me.

_____ _____ My banker will help me, give me counseling and advice.

_____ _____ My attorney will help me and is interested in my problems.

_____ _____ My accountant will keep me informed of my affairs and business progress.

_____ _____ My insurance rep will help me select the best protection for my business.

_____ _____ My suppliers provide a whole range of services to help me in the conduct of my business.

PERSONAL INVENTORY

Yes No

_____ _____ *I know myself.*

_____ _____ *I know what's required of me.*

_____ _____ *I have evaluated my personality; it lends itself favorably to my business.*

_____ _____ *I am frank about discussing my financial condition. I have nothing to hide.*

_____ _____ *I am honest and ethical and have a good record with the people I have done business with.*

_____ _____ *I always get things done on time and plan ahead.*

_____ _____ *I have will power, lots of self-discipline.*

_____ _____ *I am stable. I've never jumped from job to job.*

_____ _____ *I like to work. My own business requires me to work hard – 12 to 16 hours each day. The work is never really done. There's always more.*

_____ _____ *I have the energy to do all the necessary lifting, hauling, standing, walking, talking and smiling that the day-to-day operation of my business will require.*

_____ _____ *I realize that I can't be all things to all people at all times – but that this will be expected of me in my own business. I can withstand the strain this will create for me.*

_____ _____ *I really like people; I'm friendly and outgoing by nature and I have a sincere, willing-to-serve attitude.*

Yes No

_____ _____ *I understand people. I am the kind of person who can put myself in the other guy's shoes.*

_____ _____ *I don't know everything. There are still things to learn – new ideas I should consider.*

_____ _____ *I am adaptable. I am not so routine-bound or rigid in my ideas that I can't change if my business requires a change.*

_____ _____ *I make sound judgments. I know I will have to make decisions every day in my own business.*

_____ _____ *I can take advice from others.*

_____ _____ *Common sense is one of my strong points.*

THE DECISION

_____ _____ *I haven't reached my final decision.*

_____ _____ *I haven't signed anything yet. I haven't put up any non-returnable cash deposits, made any lease arrangements or merchandise commitments.*

_____ _____ *I've considered all of the alternatives to entering business for myself.*

_____ _____ *I know the advantages of a sole proprietorship, of a partnership, of incorporating my business.*

_____ _____ *I've investigated the possibility of a franchise operation. I'm aware of the advantages of franchising – buying someone else's know-how and proven operating techniques.*

_____ _____ *I'm aware of the advantages of working for someone else and not going into business for myself.*

DO YOU MEASURE UP?

These questions should make you think about yourself, about what you need to know to go into your own business. Depending on the type of business, one question will have more weight than another. This makes it impossible to say: "If you score more than 75 right answers you're ready for your own business." It just isn't that easy.

FROM: SMALL BUSINESS REPORTER, Vol. 7, No. 7

DO I MEASURE UP FOR RUNNING A_____STORE?

Twenty factors, taken from the material you have just read, are listed below. We suggest that you check the appropriate column for each one, according to your best judgment.

DO I HAVE THE NECESSARY:	YES	NO
REASON WHY		
RETAIL EXPERIENCE		
RETAIL KNOW HOW FOR		
Store Location, Arrangement, Organization		
Merchandising		
Advertising, Display, and Promotion		
Selling		
Public Relations		
Storekeeping		
Personnel		
Credit		
Bookkeeping and Recordkeeping		
Budgeting		

OVER-ALL RATING FOR THIS FIELD	YES	NO
Money		
Bank Contacts		
Honesty		
Ability and Drive		
Perseverance		
Willingness to Work		
Personal Stability		
Personality		
Health		
Mental Outlook		
Judgment		
Competitive Spirit		
Professional Advisors		
Wholesale Connections		
Trade Association Contacts		
Friends to Lean On		
Enthusiastic Backing from My Spouse		

DO I MEASURE UP? *YES* ☐ *NO* ☐

FROM SMALL BUSINESS REPORTER, Vol. 7, No. 7,

HOW DOES _____ MEASURE UP FOR RUNNING A _____ STORE?

Twenty factors, taken from the material you have just read, are listed below. We suggest that you check the appropriate column for each one, according to your best judgment.

	YES	NO
DOES HE HAVE THE NECESSARY:		
REASON WHY		
RETAIL EXPERIENCE		
RETAIL KNOW-HOW FOR		
Store Location, Arrangement, Organization		
Merchandising		
Advertising, Display, and Promotion		
Selling		
Public Relations		
Storekeeping		
Personnel		
Credit		
Bookkeeping and Recordkeeping		
Budgeting		

OVER-ALL RATING FOR THIS FIELD	YES	NO
Money		
Bank Contacts		
Honesty		
Ability and Drive		
Perseverance		
Willingness to Work		
Personal Stability		
Personality		
Health		
Mental Outlook		
Judgment		
Competitive Spirit		
Professional Advisors		
Wholesale Connections		
Trade Association Contacts		
Friends to Lean On		
Enthusiastic Backing From His Wife		

HOW DOES _____ MEASURE UP? YES ☐ NO ☐

10

Activity II
from: Small Business Reporter
Vol. 7, #7, p. 10

ACTIVITY III

PERSONAL FINANCIAL STATEMENT

I OWN

Cash		$
Bank Accounts	$	
Other		
Securities—quick sale value		
Real Estate—quick sale value		
Furniture—quick sale value		
Car—quick sale value		
Cash Value Life Insurance		
Savings Bonds		
Other Assets		
Receivables		

TOTAL $

I OWE

Current Household Bills		$
Instalment Contracts		
Car	$	
Appliances		
Personal Loan		
Other		
Real Estate Mortgage		
(describe		)
Other Loans		
(describe		)
Insurance Premiums		
Taxes		
Other Debts		
(describe		)

TOTAL $

I OWN . . . $

I OWE . . .

I AM WORTH . $

A

FROM: SMALL BUSINESS REPORTER, Vol. 7, No. 7, p. 9

FAMILY COST-OF-LIVING BUDGET

(based on average month—does not cover purchase of any new items except emergency replacements)

DETAILED BUDGET

REGULAR MONTHLY PAYMENTS

House payments (including taxes) or rent	$
Car payments (including insurance	
Appliance—TV payments	
Home improvement loan payments	
Personal loan payments	
Health plan payments	
Life insurance premiums	
Other insurance premiums	
Miscellaneous payments	
TOTAL	$

HOUSEHOLD OPERATING EXPENSE

Telephone	$
Gas and electricity	
Water	
Other household expenses, repairs, maintenance	
TOTAL	$

FROM: SMALL BUSINESS REPORTER, Vol. 7, No. 7

B/1

FAMILY COST-OF-LIVING BUDGET - 2 -

FAMILY

PERSONAL EXPENSE

Clothing, cleaning, laundry	$
Drugs	
Doctors and dentists	
Education	
Dues	
Gifts and contributions	
Travel	
Newspapers, magazines, books	
Auto upkeep and gas	
Spending money and allowances	
TOTAL	$

FOOD EXPENSE

Food—at home	$
Food— away from home	
TOTAL	$

TAX EXPENSE

Federal and State Income Taxes	$
Other taxes not included above	
TOTAL	$

BUDGET SUMMARY

Regular Monthly Payments	$
Household Operating Expense	
Personal Expense	
Food Expense	
Tax Expense	
MONTHLY TOTAL	$

FROM: SMALL BUSINESS REPORTER, Vol. 7, No. 7

B/2

II. WHAT IS A BUSINESS PLAN

FACT SHEET

A. INTRODUCTION

The founders of a business have a great responsibility. As the founder of a business, you have these special responsibilities ...

1) Anticipating the future of the business
2) Planning the future of the business
3) Outlining the details of what the business will (is to) do
4) Persuading and informing others that the endeavor you are planning will be successful.

The purposes of your Business Plan, then, are to outline the following:

1) How you will conduct your business
2) How you will raise capital
3) How much capital you will need

The experts tell us that you should write the plan yourself, so that you will know everything that has gone into the plan.

The experts tell us that you should write a formal, detailed Business Plan and a summary of a business plan (called a Mini-Proposal).

B. THE MINI PROPOSAL

What is it?

It is a brief (usually one page long) introduction which summarizes your business plan. Your prospective investor saves considerable time by finding out if he wants to invest in your planned endeavor. He may have a preference for a certain industry or a certain type of business. From the mini-proposal, he can quickly, on one page, see an overview of your plan.

Why Prepare a Mini-Proposal?

Why should you prepare a mini-proposal when you are also preparing a detailed, formal business plan? If the mini-proposal is turned down, there is less stigma to a mini-proposal being rejected than when a detailed formal plan is rejected. If a detailed business plan is turned down by many people, the plan gets the name "shop-worn".

What goes into a Mini-Proposal?

Introduction
- describe the product or service
- describe the founders of the venture
- describe the organizational structure
- describe the market to be served (product, industry, potential customers, competition, location)

Maturing of the Enterprise - is the idea well thought out
- is it ready for marketing
- do you have a prototype, a plan
a team

Capitalization - how many dollars are needed
- when is the money needed

If your mini proposal is accepted, you will be asked to bring in the detailed business plan.

ACTIVITIES

ACTIVITY I

By preparing a mini proposal now, you will get some ideas set to paper. You will also want to prepare a mini proposal after you have prepared your detailed business plan. When you compare the plan you prepare now to the plan you will will prepare several modules from now, you will see how much your ideas have matured.

Prepare a mini proposal for your prospective business. Follow the 3-step outline given above. Make sure your proposal is no longer than one typewritten page.

S A M P L E

MINI- PROPOSAL
FOR
JIM'S AUTO SUPPLIES

I plan to open an auto parts store. Its name will be "Jim's Auto Supplies", and it will specialize in parts for sports cars. I will be the owner of the store.

I would like to locate on "Auto Row" where many car dealers are. There is a store which should become vacant in three to four months because the owner is retiring. It would not need many changes to fit it out as an auto parts store.

There is a parts store four blocks away which might be some competition, but they don't keep sports car parts. I've met some people at the Raceway where I work on weekends who have said they wish they knew of a sports car specialist in this area.

To begin with, I'd need one full-time salesman with some part-time help. In a year's time when business builds up I may have to hire another full-time person.

Two years from now, I hope to add a machine shop as part of the business. I know there is a big need for this service.

WHAT IS MISSING?

MINI-PROPOSAL

FOR

_____

INTRODUCTION

III. THE MARKETING SECTION OF YOUR BUSINESS PLAN

FACT SHEET

MARKETING

The marketing section of your business plan helps you identify:

a. who uses your product or service

b. where your business will be located

c. who your competition is

d. how large a market you might expect

e. how you plan to advertise and promote business

f. what services you will offer your customers

LOCATING YOUR BUSINESS

Locating a manufacturing facility requires special considerations. Geographic factors to be considered are:

a. proximity to sources of raw materials and supplies

b. nearness to markets

c. favorable climate

d. availability of low-cost electric or other power

e. sufficient water

f. easy access to good rail, truck, water, or air transportation

Community factors to be considered are:

a) the supply of workers

b) other business facilities already in the community

c) attitude of the local government and the degree of acceptance of the plan by the people of the community

d) inducements that communities often grant to attract industry, and

e) the quality of the community as a place for employees to live

Other considerations are local land prices, building costs, and taxes.

Locating a service or retail business requires consideration of the following factors:

a) the numbers of present and future customers accessible to it

b) the amount of income they have to spend

c) the complex of factors that affect their buying choices

Additional factors are competition in the area, and the advantages or disadvantages of the location in relation to the flow of traffic.

Population data and projections of future growth provide clues to the present and potential number of customers than can be reached from a particular location. The level and distribution of income among these

customers can be estimated and projected. The types of products for which these customers will likely spend their money -- will be influenced by a number of determinable factors: size and location of the community, age composition of the population and the number of families with children, education level, occupational level, nationality and racial composition of the population, and social status..

CHOOSING A SITE

Whether you have chosen the general area for your business, you will need to choose a specific site within the area. The following requirements must be met:

a) a site zoned for your business

b) a site large enough to accommodate present floor space needs and room for expansion, parking, transportation facilities, etc.

c) a favorable lease covering the period desired, the amount of rental, privilege of renewal, and similar matters must be worked out.

The detailed analysis required for choosing a location and selecting the site for your business will give you sufficient overview to seek information in the activities which follow.

ACTIVITIES

ACTIVITY 1

Consider the following questions in view of your business:

CUSTOMER ANALYSIS*

- Who are your target customers and what are they seeking from you?
- What is the estimated total market you share with competition?
- What segments of this market will you be serving?
- If you concentrate on a segment, is it large enough to be profitable?
- What prospects are there of possible changes taking place among your target customers which could significantly affect your business?
- What changes can you foresee in the makeup of your store's neighborhood? When?
- Are incomes in the community stable?
- Is the community's population subject to fluctuation, or seasonal?
- Do you stress a special area of appeal, such as lower prices, better quality, wider selection, convenient location, or convenient hours?
- Do you ask your customers for suggestions on ways to improve your operations?
- Do you belong to your trade association?
- Do you subscribe to important trade publications?
- Have you considered using a consumer jury or consumer questionnaire to aid you in determining customer needs?

---

* Adapted from Small Marketers Aid No. 156 (SBA)

ACTIVITY I (continued)

- Do you visit market shows and conventions to help anticipate customer wants?
- Do most of your customers buy on weekends?
- Do sales increase in the evening?
- Does the majority of your customers prefer buying on credit?

BUYING

- Have you a merchandise budget (planned purchases) for each season?

YES _____ NO _____

- Does it take into consideration planned sales for the season?
- Have you a plan for deciding what to buy and from whom?
- Have you a system for reviewing new items coming onto the market?
- Have you considered using a basic stock list and/or a model stock plan in your buying?
- Are you using some sort of unit control system?
- How will you keep track of the success of your buying decision in previous years to aid you in next year's buying?
- Will you attempt to consolidate your purchases with two or three principal suppliers?
- Have you a useful supplier evaluation system for determining their performance?
- Have you established a planned gross margin for your firm's operations and are you buying so as to achieve it?

ACTIVITY I (continued)

PROMOTION

- Are you familiar with the strengths and weaknesses of various promotional methods?
- Do you know which of your items can be successfully advertised?
- Do you know which can best be sold through personal selling?
- Do you know which can best be sold by demonstrations?
- Do you know when product advertising is better?
- Do you know which of the media (radio, television, newspapers, yellow pages, handbills) can most effectively reach your target group?
- Can you make use of direct mail?
- Is a good mailing list available?
- Do you concentrate them in certain seasons?

PRICING

- Have you established a set of pricing policies?

  YES _____ NO _____

- Have you determined whether to price below, at, or above the market?
- Do you set specific markups for each product?
- Do you set markups for product categories?
- Do you use a one-price policy rather than bargain with customers?
- Do you offer discounts for quantity purchases, or to special groups?
- Do you set prices so as to cover full costs on every sale?

ACTIVITY I (continued)

- Have you developed policy regarding wher you will take markdowns and how large?
- Do the prices you have established earn planned gross margin?
- What are some of the market forces affecting your pricing methods?
- Do you issue "rainchecks" to customers when sale items are sold out so they can purchase later at sales prices?
- Do you know which products are slow movers and which are fast?
- Do you take this into consideration when pricing?
- Do you know which products are price sensitive to your customers, that is, when a slight increase in price will lead to a big dropoff in demand?
- Do you know which of your products draw people when put on sale?
- Do you know the maximum price customers will pay for certain products?
- If the prices on some products are dorpped too low, do buyers hesitate?
- Is there a specific time of year when your competitors have sales?
- Do your customers expect sales at certain times?
- Have you determined whether a series of sales is better than one annual clearance sale?
- Do you know what role you want price to play in your overall retailing strategy?
- Are you influenced by competitor's price changes?
- Is there available financial or technical assistance which you can use to enhance your promotional efforts?

ACTIVITY I (continued)

- Can you get help from local newspapers, radio, or television?
- Are cooperative advertising funds available from suppliers?
- Do you tie your local efforts to your suppliers' national program?
- Do you join with other merchants in area-wide programs?
- Have you looked for guidelines or ratios to estimate what comparable firms are spending on promotion?
- Do you study the advertising of other successful retail firms, as well as your competitors?
- Have you some way of measuring the success of the various promotional programs you are using?
- Are your products displayed to maximize their appeal within the store?
- Do you know which of your items have unusual eye appeal and can be effective in displays?
- Have you figured out the best locations in the store for displays?
- Are you making use of window displays to attract customers?
- If you use multitiered display stands or gondolas, do you know which shelves are the best sellers?
- Have you a schedule for changing various displays?
- Do you display attention-getting items where they will call attention to other products as well?
- Do you know which items are bought on "impulse" and therefore should be placed in high traffic areas?
- Where price is important, do you make sure the price cards are easy to read?

ACTIVITY I (continued)

- Do your suppliers offer financing of accounts receivable, floor planning, and so forth?
- Do you know what type of credit program (if any) you should offer?

  YES _____ NO _____
- Does the nature of your operation require some type of credit for your customers?
- Have you discussed credit operations with your local credit bureau?
- Would a credit program be a good sales tool?
- Is a credit program of your own desirable?
- Have you looked into other programs of credit cards?
- If you set up your own credit program, do you know what standards you should use in determining which customers can receive credit, for what time periods, and in what amounts?
- Do you know all of the costs involved?
- Will the interest you charge pay for these costs?
- Are you familiar with the Truth-in-Lending legislation?
- Have you determined a safe percentage of your business to have on credit that won't jeopardize paying your own bills?
- Have you discussed your credit program with your accountant and attorney?
- Do you offer some special customer services?
- If your offer delivery service, do you own your vehicle?
- Have you considered leasing them instead?
- Have you thought about using commercial delivery service?
- Do you charge for delivery?

ACTIVITY I (continued)

- If not, do you know how to work the delivery expenses into the selling price of your products?
- Have you a policy for handling merchandise returned by customers?
- Have you considered certain obligations to your community, in terms of charitable contributions, donations for school functions, ads in school yearbooks?
- Do you participate in activities of your Chamber of Commerce, Merchant's Association, Better Business Bureau, or other civic organizations?

ACTIVITY II

In Activity I, a number of questions were posed for your consideration. In light of your answers to these questions in Activity I, write a statement on how your business will handle customers, buying, pricing, and sales promotions.

For more information on your specific business, see the pages and documents listed below.

	MARKETING	PRICING	DISTRIBUTION CUSTOMER SERVICE	ADVERTISING	SELLING
SERVICE					
SMA #153	pp. 5-6	p. 7	--	pp. 8-9	pp.10-11
RETAILING					
SMA #150	pp. 4-5	p. 6	pp. 6-7	p. 8	pp.10-11
MANUFACTURING/ CONTRACTING					
SMA #221	pp. 4-6	--	--	p. 5	p. 6
SMA #218	pp. 5-6	--	p. 7	--	--

IV. ASSESSING YOUR BUSINESS PLAN NEEDS

FACT SHEET

What type of business are you planning? Is it a retail business, a service business, a manufacturing business?

Determining the type of business you plan to own is an essential decision. Your business plan takes on specialized considerations, depending on the type of business you are planning to own.

The activities in this Module illustrate for you the Business Plan for your type of business.

ACTIVITIES

ACTIVITY I

Choose the plan* that most closely resembles the business. Outline the plan, so that you can identify the key information that goes into a business plan.

ACTIVITY II

Study the financial projection sheets presented in you business plan. The cash flow statement and the income statement may be given other titles. (Looking Ahead) Be prepared to discuss these financial projection sheets.

We'll be working on these all-important financial worksheets in detail for several modules.

---

* Sample Business Plans which were distributed earlier.

V. THE FINANCIAL SECTION OF YOUR BUSINESS PLAN

FACT SHEET

Your prospective investor wants to know if you have planned your business finances. Your financial plans are presented on the worksheets and cash flow forms.

In Module IV, Activity II, you studied the financial forms presented in the model business plan related to your business.

The cash flow form (also known as cash budget) identifies and estimates future sources and uses of cash available to your enterprise. Estimating your sales is the starting point for your Profit and Loss Statement.

ACTIVITIES

ACTIVITY I

Compare the financial worksheets in the sample Business Plan with the financial worksheets in your Small Marketers Aid. In what ways are these financial forms similar? In what ways are they different? (Be prepared to either write answers or to participate in class discussion of answers.)

	FINANCING	WORKSHEET	CASH FLOW
SERVICE - SMA #153	pp. 14-15	pp.16-17	p. 18
RETAILING - SMA #150	pp.15-20	pp.18-19	p. 17
MANUFACTURING -SMA #221	pp. 12-16	pp.14-15	p. 13
CONTRACTING - SMA #218	pp. 13-16	pp.14-15	p. 16

ACTIVITY II

Prepare the Expenses Worksheet and the Estimated Cash Forecast for your business. Use the forms in your Small Marketers Aid.

VI. THE OPERATING SECTION OF YOUR BUSINESS PLAN

FACT SHEET

Operating plans are sometimes called the "blueprint" for running a business. Answers to the following aspects of business operation should be sought:

Facilities --

- Is the location of our business known?
- What is the size of the facilities we need?
- What is the cost of the facilities?
- Who will own the facilities - or what leasing arrangements are available to us?
- How are we going to lay out the facilities?
- What is the capacity (footage, units, or dollars) of the facilities?
- What equipment, tools, materials, are needed for our facility?
- What is the replacement cost for the facility?

Operations --

- What will be done on the facilities? (manufacturing, sales, repairs, assembly, etc.)
- What items are we making? buying? subcontracting?
- Will we be involved in product research and development?

Suppliers --

- Who are our suppliers?
- How often will we buy? In what quantities?
- How soon must we place an order before we must have the items?

Inventory -- What items of inventory are we to maintain?

What levels of inventories must be maintain?

What system of inventory shall we maintain?

How shall we maintain control over stock?

Controls -- How shall we maintain control over expenses? disbursements? production? quality of goods produced?

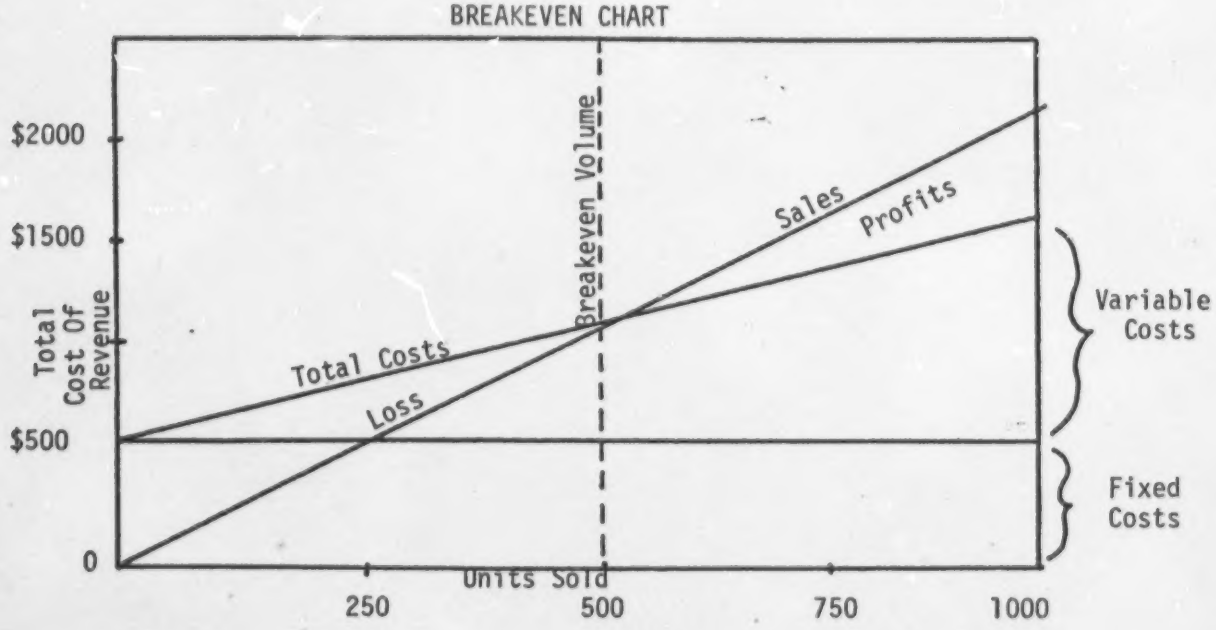
Breakeven Analysis

Breakeven analysis (profitgraph) is a key operating guide. Breakeven analysis is a profit planning approach for studying the relationship of sales, fixed costs, and variable costs. A fixed cost does not vary with sales or production but remains relatively constant. (Breakeven computation requires that all costs be separated into either the fixed cost category or the variable costs category.) A variable cost varies directly with changes in sales or production. Many costs are neither totally fixed nor totally variable. In such cases, it must be determined what portion of the cost is assigned as variable and what portion assigned as fixed.

The Breakeven point for your enterprise is that point at which sales volume equals costs. At that point there is neither a profit nor a loss.

The Breakeven analysis in a business selling more than one product will be meaningful if there is some meaningful gross measure of volume for all products sold. There must be sufficient cost records. There must be methods of pricing items. There must be service or labor.

From an expected relationship between cost and sales at various volumes, a breakeven chart (or profitgraph) might be diagrammed. At breakeven volume, cost equals volume; at lower volumes, a loss is expected; and, at higher volume, a profit is expected.



Note: In breakeven analysis the lines are drawn through the complete range of volume, when actually, the relationships are expected to hold only within a limited volume range.

Illustrative Example

Selling Price	=	$2 per unit
Fixed Costs	=	$500
Variable Costs	=	$1 per unit
Volume	=	1000 units sold

From the graph we see the breakeven point is 500 units when revenue is $2 per unit (500 x $2 = $1000) and costs = $500 + (500 x $1) = $1000.

ACTIVITIES

ACTIVITY I

Write a statement on how your business will handle its operating aspects of facilities, operations, suppliers, inventory and controls.

ACTIVITY II

Prepare a breakeven chart (profitgraph) for your business. Reflect income from sales, fixed costs, variable costs, and breakeven point.

VII. THE MANAGEMENT SECTION OF YOUR BUSINESS PLAN

FACT SHEET

Have you identified the names of all the owners, officers, directors or partners? What percentage of ownership is owned by you? By others? What will be the salaries, fees, and withdrawals for each persons? Will you have a hired manager or will you be the owner/manager? Have you prepared job descriptions for your staff and for the owner/manager? Have you identified attorneys, accountants, and insurance coverage? Answers to these questions are important to the management of your business and to making more information available to your prospective sources of funds.

ACTIVITIES

ACTIVITY I

Draft the organization chart for your business. Identify the work to be done and identify what work will be done by whom. For guidance in the planning of your organization chart, see the pages and documents listed below.

	Small Marketers Aids			
	#153	#150	#221	#218
SERVICE - pp.	12-13			
RETAILING - pp.		14		
MANUFACTURING - pp.			9-11	
CONTRACTING - pp.				11, 18-19

ACTIVITY II

Prepare for submission, SBA Form 912, as required.

ACTIVITY III

Prepare for submission, the attached resume for each member of the owner/manager team. (Get sample form)

ACTIVITY IV

Complete the "Management Data Sheet" (attached)

ACTIVITY II 220 Return Executed Copies 1, 2, and 3 to SBA

United States of America

SMALL BUSINESS ADMINISTRATION

STATEMENT OF PERSONAL HISTORY

Please Read Carefully - Print or Type

Each member of the small business concern requesting assistance or the development company must submit this form in TRIPLICATE for filing with the SBA application. This form must be filled out and submitted:

1. If a sole proprietorship, by the proprietor;
2. If a partnership, by each partner;
3. If a corporation or a development company, by each officer, director, and additionally, by each holder of 20% or more of the voting stock;
4. Any other person, including a hired manager, who has authority to speak for and commit the borrower in the management of the business.

Name and Address of Applicant (Firm Name)(Street, City, State and ZIP Code)

SBA District Office and City

Amount Applied for:

1. Personal Statement of: (State name in full, if no middle name, state (NMN), or if initial only, indicate initial). If married include name of spouse. List all former names used, and dates each name was used. Use separate sheet if necessary.

First Middle Maiden Last

Name of Spouse: (Include former married names and maiden name)

2. Date of Birth: (Month, day and year)

3. Place of Birth: (City & State or Foreign Country)

4. Give the percentage of ownership or stock owned or to be owned in the small business concern or the Development Company.

Social Security No.

5. Present residence address

From To Address City State

Immediate past residence address

From To Address

BE SURE TO ANSWER THE NEXT 3 QUESTIONS CORRECTLY BECAUSE THEY ARE IMPORTANT.

THE FACT THAT YOU HAVE AN ARREST OR CONVICTION RECORD WILL NOT NECESSARILY DISQUALIFY YOU. BUT AN INCORRECT ANSWER WILL PROBABLY CAUSE YOUR APPLICATION TO BE TURNED DOWN.

6. Are you presently under indictment, on parole or probation?

☐ Yes ☐ No If yes, furnish details in a separate exhibit. List name(s) under which held, if applicable.

7. Have you ever been charged with or arrested for any criminal offense other than a minor motor vehicle violation?

☐ Yes ☐ No If yes, furnish details in a separate exhibit. List name(s) under which charged, if applicable.

8. Have you ever been convicted of any criminal offence other than a minor motor vehicle violation?

☐ Yes ☐ No If yes, furnish details in a separate exhibit. List name(s) under which convicted, if applicable.

9. Name and address of participating bank

The information on this form will be used in connection with an investigation of your character. Any information you wish to submit, that you feel will expedite this investigation should be set forth.

Whoever makes any statement knowing it to be false, for the purpose of obtaining for himself or for any applicant, any loan, or loan extension by renewal, deferment or otherwise, or for the purpose of obtaining, or influencing SBA toward, anything of value under the Small Business Act, as amended, shall be punished under Section 16(a) of that Act, by a fine of not more than $5000, or by imprisonment for not more than 2 years, or both.

Signature	Title	Date

It is against SBA's policy to provide assistance to persons not of good character and therefore consideration is given to the qualities and personality traits of a person, favorable and unfavorable, relating thereto, including behavior, integrity, candor and disposition toward criminal actions. It is also against SBA's policy to provide assistance not in the best interests of the United States, for example, if there is reason to believe that the effect of such assistance will be to encourage or support, directly or indirectly, activities inimical to the Security of the United States.

SBA FORM 912 (12-72) REF: NO 510-1A PREVIOUS EDITIONS ARE OBSOLETE

-38221

1. SBA FILE COPY

DATES EMPLOYED	LIST LAST EMPLOYER FIRST	JOB DESCRIPTION AND TITLE	RATE OF PAY	REASON FOR LEAVING
FROM Month Year	NAME OF EMPLOYER	TITLE	START	
	STREET ADDRESS	DUTIES		
TO Month Year	CITY, STATE, ZIP		LAST	
	NAME OF SUPERVISOR			
FROM Month Year	NAME OF EMPLOYER	TITLE	START	
	STREET ADDRESS	DUTIES		
TO Month Year	CITY, STATE, ZIP		LAST	
	NAME OF SUPERVISOR			
FROM Month Year	NAME OF EMPLOYER	TITLE	START	
	STREET ADDRESS	DUTIES		
TO Month Year	CITY, STATE, ZIP		LAST	
	NAME OF SUPERVISOR			
FROM Month Year	NAME OF EMPLOYER	TITLE	START	
	STREET ADDRESS	DUTIES		
TO Month Year	CITY, STATE, ZIP		LAST	
	NAME OF SUPERVISOR			
FROM Month Year	NAME OF EMPLOYER	TITLE	START	
	STREET ADDRESS	DUTIES		
TO Month Year	CITY, STATE, ZIP		LAST	
	NAME OF SUPERVISOR			

HAVE YOU EVER WORKED FOR KAISER UNDER ANOTHER NAME? ☐ YES ☐ NO	IF YES, WHAT NAME(S)	WHICH COMPANY OR ORGANIZATION	
IF PRESENTLY EMPLOYED MAY WE CONTACT YOUR EMPLOYER? ☐ YES ☐ NO	HAVE YOU SERVED IN U.S. ARMED FORCES? ☐ YES ☐ NO	DATE ENTERED / DATE DISCHARGED	RANK ON DISCHARGE
SPEEDWRITING SPEED WPM	SHORTHAND SPEED WPM	NET TYPING SPEED WPM	OTHER MACHINES OPERATED SKILLFULLY

DO YOU HAVE OR HAVE YOU EVER APPLIED FOR A CALIFORNIA PROFESSIONAL LICENSE, CERTIFICATE OR REGISTRATION? ☐ YES ☐ NO

NUMBER	TYPE	DATE OF EXPIRATION	IF PENDING GIVE DATE APPLICATION STARTED

IN WHAT PROFESSIONAL ASSOCIATIONS DO YOU MAINTAIN MEMBERSHIP?

NAME 3 PERSONS NOT RELATED TO YOU WHO CAN ATTEST TO YOUR CHARACTER, EXPERIENCE AND QUALIFICATIONS

NAME	ADDRESS CITY STATE	PHONE NO.	OCCUPATION

THE ABOVE INFORMATION IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE. I UNDERSTAND THAT MISREPRESENTATION OR OMISSION OF FACTS IS CAUSE FOR SEPARATION FROM THE COMPANY, IF I AM EMPLOYED. I FURTHER UNDERSTAND THAT EMPLOYMENT IS CONTINGENT UPON PASSING A PHYSICAL EXAMINATION.

SIGNATURE DATE

RESUME

ACTIVITY III

PLEASE TYPE OR PRINT LEGIBLY
FILL IN ALL AREAS COMPLETELY

EMPLOYMENT APPLICATION

IN SELECTION OF MEDICAL CARE PERSONNEL WE ARE AN EQUAL OPPORTUNITY EMPLOYER. ALL QUALIFIED APPLICANTS WILL RECEIVE CONSIDERATION FOR EMPLOYMENT WITHOUT REGARD TO RACE, COLOR, RELIGION, NATIONAL ORIGIN, SEX OR AGE. ARRESTS NOT RESULTING IN CONVICTION WILL NOT BE USED TO DISQUALIFY AN APPLICANT AND WILL NOT BE CONSIDERED IN DETERMINING YOUR QUALIFICATIONS FOR EMPLOYMENT.

PERSONAL

LAST NAME	FIRST	MIDDLE	TODAY'S DATE

HOW REFERRED TO KAISER	SOCIAL SECURITY NUMBER	U.S. CITIZEN	HOME, BUS./MESSAGE PHONE
		☐ YES ☐ NO	

CURRENT ADDRESS - STREET	CITY	STATE	ZIP CODE	HOW LONG
				YRS. MOS.

PREVIOUS ADDRESS - STREET	CITY	STATE	ZIP CODE	HOW LONG
				YRS. MOS.

POSITION APPLIED FOR	MINIMUM SALARY ACCEPTABLE	DATE AVAILABLE FOR WORK	WILLING TO ROTATE SHIFTS	WILLING TO RELOCATE
			☐ YES ☐ NO	☐ YES ☐ NO

OCCUPATION OF SPOUSE	WHERE EMPLOYED

HAVE YOU EVER BEEN CONVICTED OF A CRIME ☐ YES ☐ NO	IF YES, EXPLAIN WHEN, WHERE AND DISPOSITION OF CASE

IN CASE OF EMERGENCY PLEASE CALL

FIRST NAME	FIRST	HOME PHONE	BUS. PHONE

ADDRESS - STREET	CITY	STATE	ZIP CODE

EDUCATIONAL HISTORY

TYPE OF SCHOOL (HIGH SCHOOL, JR. COLLEGE, COLLEGE OR PROFESSIONAL)	SCHOOL NAME AND ADDRESS	ATTENDED From	ATTENDED To	ACADEMIC SUBJECT	CIRCLE HIGHEST YEAR OF EDUCATION COMPLETED	DEGREE	DATE RECD.
					1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18		

LIST ALL MILITARY, TRADE OR VOCATIONAL SCHOOLS ATTENDED	DATE COMPLETED	MAJOR SUBJECT	FOREIGN LANGUAGE	SPEAK	READ	WRITE
				☐ GOOD ☐ FAIR ☐ POOR	☐ GOOD ☐ FAIR ☐ POOR	☐ GOOD ☐ FAIR ☐ POOR
				☐ GOOD ☐ FAIR ☐ POOR	☐ GOOD ☐ FAIR ☐ POOR	☐ GOOD ☐ FAIR ☐ POOR
				☐ GOOD ☐ FAIR ☐ POOR	☐ GOOD ☐ FAIR ☐ POOR	☐ GOOD ☐ FAIR ☐ POOR
				☐ GOOD ☐ FAIR ☐ POOR	☐ GOOD ☐ FAIR ☐ POOR	☐ GOOD ☐ FAIR ☐ POOR

SCHOLASTIC HONORS RECEIVED

HOBBIES AND EXTRACURRICULAR ACTIVITIES

MEDICAL HISTORY

	YES	NO	IF YES, EXPLAIN OR DESCRIBE
1. Have you ever failed to pass a physical exam?	☐	☐	
2. Do you have any history of heart trouble?	☐	☐	
3. Do you have any history of back trouble?	☐	☐	
4. Have you missed work during the past year due to illness?	☐	☐	
5. Have you ever been injured on the job?	☐	☐	
6. Did you receive workmen's compensation for the injury?	☐	☐	
Was it based on permanent disability of any kind?	☐	☐	
7. Have you ever been hospitalized?	☐	☐	DATE / REASON

EXPLAIN ANY DEFECTS, DISABILITIES OR PHYSICAL LIMITATIONS THAT WOULD AFFECT YOUR PERFORMANCE

04604 (REV. 5-73)

ACTIVITY IV

MANAGEMENT DATA SHEET

Name & Home Address	Office Held	Annual Compensation	Percent Ownership	Insurance Carried

VIII. FOCUSING YOUR BUSINESS PLAN: BUSINESS POLICIES, RECORDS, REGULATIONS, AND RISK MANAGEMENT

VIII. FOCUSING YOUR BUSINESS PLAN: BUSINESS POLICIES RECORDS, REGULATIONS, AND RISK MANAGEMENT

FACT SHEET

EVERY BUSINESS NEEDS RECORDS

Explore with your accountant and your trade association the recordkeeping system for you. Is your recordkeeping system ready for use?

EVERY BUSINESS NEEDS POLICIES FOR OPERATING

Have you written down the policies for your business?

EVERY BUSINESS IS SUBJECT TO REGULATION

Have you checked with a business adviser (SBA or BDO staff, for instance) to determine wh t local, state, and/or federal regulations require your compliance? What licenses and permits are required?

EVERY BUSINESS IS SUBJECT TO RISK

Have you checked with a business adviser to explore what hazards and risks you and your business will face?

ACTIVITIES

ACTIVITY I

Explore these dimensions. Write statements on your findings, your actions, and decisions about policies, records, regulations, and risk management.

IX. PUTTING IT ALL TOGETHER
REVIEWING AND REFINING YOUR BUSINESS PLAN

FACT SHEET

In the activities of the previous modules, you have been guided through many analyses and considerations.

... You have looked over your resources and reasons for deciding on self employment.

... You have outlined a business plan similar to the kind of business you own/want to own.

... You have considered the market -- including location, site choice, customer analysis, buying, promotions, pricing.

... You have studied and prepared financial projection worksheets.

... You have considered operations -- including facilities, operations, supplies, inventory and controls.

... You have considered management -- including an organization chart and background of owner/managers.

You can see how much information you have considered and how many decisions for your business have been made.

Let's put these many pieces of information into a BUSINESS PLAN.

BEFORE doing so, use the checklist prepared by C.M. Baumback and Kenneth Lawyer to consider once more, the information you have considered in gathering the information for your Business Plan.

ACTIVITIES

ACTIVITY I.

Check through the Baumback and Lawyer Checklist. Then modify your statements where you think changes are needed.

ACTIVITY II.

Prepare a copy of your Business Plan. You should use these major segments:

A. INTRODUCTION

History and Background of company

Where, Why, When, Who founded company

Address

Form of Organization

Products and/or Services

B. MARKETING PLAN

C. OPERATING PLAN

D. MANAGMENT PLAN

E. FINANCING PLAN

THE BAUMBACK AND LAWYER CHECKLIST FOR ORGANIZING AND OPERATING A SMALL BUSINESS*

The plan of the checklist is simple. Each topic is presented as a question intended to stimulate analysis concerning some important point. The question should be considered carefully and answered honestly and realistically. An affirmative answer to a question means that the topic has been considered and provided for to the best of the enterpriser's ability. When further attention to a topic is needed, an attempt to answer the question should convince the prospective businessman of this need and also suggest what further action is called for. Requirements thus discovered should be recorded and checked off as completed.

I. THE DECISION FOR SELF-EMPLOYMENT

1. Have you rated yourself and had some acquaintances rate you on the personal qualities necessary for success as your own boss, such as leadership, organizing ability, perseverance, and physical energy?

2. Have you taken steps to improve yourself in those qualities in which you are weak but which are needed for success?

3. Have you saved money, made business contacts, taken special courses, or read particular books for the purpose of preparing yourself for business ownership?

4. Have you had training or experience in your proposed line of business or in one similar to it?

5. Are you (a) good at managing your own time and energy? (b) not easily discouraged? (c) willing to work harder in your own business than as an employee?

6. Have you estimated the net income from sales or services you can reasonably expect in the crucial "first two years"?

---

* How to Organize and Operate a Small Business. Fifth Edition, Baumback. C., Lawyer, K., and Kelley, P. (Englewood Cliffs, N. J.: Prentice-Hall, Inc., 1973), pp. 583-589.

7. Have you compared this income with what you could make working for someone else?

8. Are you willing to risk the uncertainty or irregularity of your self-employment income during the early years of the enterprise?

9. Would you worry less as an employee than you would as the owner of your own business?

10. Have you carefully considered and enumerated the reasons why you want to enter business on your own?

II. BUYING A GOING CONCERN

1. Have you checked the proposition against the specific warnings issued by Better Business Bureaus and other authorities?

2. Are the physical facilities in satisfactory condition?

3. Are the accounts receivable, inventory, and goodwill fairly valued?

4. Have you determined why the present owner wants to sell?

5. Have you compared what it would take to start a similar business of your own with the price asked for the business you are considering buying?

6. Has your lawyer checked to see that the title is good, that there are no liens against the business and no past due taxes or public utility bills?

7. Have you compared several independent appraisals of the business, arrived at by different methods?

8. If it is a bulk sale, has the bulk sale provision of the Uniform Commercial Code been complied with?

9. Have you investigated possible developments, such as new shopping centers, new traffic patterns, or changes in zoning or parking regulations, that might affect the business adversely?

III. JUSTIFYING A NEW BUSINESS

1. Have you analyzed the recent trend of business conditions?

2. Have you analyzed conditions in the line of business you are planning to enter?

3. If your business will be based on an entirely new idea, have you attempted to secure actual contracts or commitments from potential customers instead of merely getting their polite approval of your idea?

4. Have you discussed your proposition with competent advisors who are in different occupations or who have different viewpoints?

IV. ACQUIRING A FRANCHISE

1. Have you viewed the franchise offer in terms of its economic justification or business potential?

2. Have you contacted personally several of the company's franchise holders to see how they like the deal?

3. Have you asked for a business responsibility report on the franchise promoter from your local Better Business Bureau or Chamber of Commerce?

4. Have you engaged the services of a lawyer to go over all provisions of the franchise contract?

V. SELECTING THE PROFITABLE LOCATION

1. Did you compare several different locations before making your final choice?

2. Did you use one or more detailed checklists to guide your selection?

3. Have you arranged for legal counsel before signing the lease and any similar contracts?

4. Are you, and the members of your family affected, satisfied that the community in which you plan to locate will be a desirable place in which to live and rear your children?

5. If your proposed location is not wholly suitable, are there sound reasons (not merely your impatience to get started) why you should not wait and try to secure a more nearly ideal location?

VI. BUILDING AND LAYOUT

1. Have you studied your proposed building with function, construction, and modernization in mind?

2. Have you made a personal inspection of the physical plant of other successful businesses similar to the one you plan to start, including both independents and the branches of large organizations?

3. Have you made a scaled layout drawing of your store or shop?

4. If the proposed building does not meet all of your important needs, are there any good reasons for deciding to use it?

VII. FINANCING AND ORGANIZING THE BUSINESS

1. Have you written down a complete, itemized list of all capital needs for starting your kind of business, including a fair allowance for operating expenses and your own living expenses until the buisness is able to support itself and provide a substantial reserve for the "one serious error" most businessmen make during their first year of operation?

2. Have you discussed this financial prospectus with a banker and a successful businessman in your proposed field?

3. Have you used as a guide the standard operating ratios for your business in calculating your capital requirements?

4. Have you considered all the factors for and against each legal form of organization?

5. If you plan to secure much of your initial capital from friends or relatives, are you certain that your business will remain free of "friendly" domination?

IX. MANAGEMENT AND LEADERSHIP

1. Have you considered the way you will organize duties and responsibilities?

2. Have you made up a tentative plan or schedule to guide the distribution of your own time and effort?

3. Have you thought about how you would go about preparing standards, budgets, schedules, and other management aids?

4. Have you provided some check on your own actions to insure that you do adequate management planning before making commitments or important decisions covering future activities of the business?

5. Have you arranged to use periodically some checklist covering detailed activities regarding customer relations, maintenance, safety, or whatever type of activity will require close attention to details in your particular business?

X. INSURANCE AND RISK MANAGEMENT

1. Have you evaluated all the hazards to which your business will be exposed?

2. Have you determined how much of each kind of insurance you should purchase, and the costs of this insurance?

3. Have you determined the hazards for which you should provide insurance coverage?

4. Have you made allowances in your budget of estimated expenses for losses resulting from predictable, uninsured risks (such as shoplifting and bad debts)?

5. Have you considered the nature of the protective devices and precautionary control measures you will need to reduce the business risks you will face?

XI. PERSONNEL AND EMPLOYEE RELATIONS

1. Will you be able to hire employees, locally, who possess the requisite skills?

2. Have you prepared your wage structure, and are your wage rates in line with prevailing wage rates?

3. If you plan to employ friends and relatives, are you sure you have determined their qualifications objectively?

4. Have you planned working conditions to be as desirable and practical as possible?

5. Are you certain the employee incentives you plan to use represent the workers' viewpoint rather than what <u>you</u> think they want?

6. Have you planned your employment, induction and training procedures?

XII. PROCUREMENT AND SUPPLIER RELATIONS

1. Have you evaluated individual suppliers in terms of the quality and variety of goods best suited to your needs, before selecting the companies you plan to deal with?

2. Have you carefully analyzed the points for and against concentrating your purchases with one or a few vendors, taking into account your personal skill and ability as well as conditions in your line of business?

3. Have you investigated your field of business with reference to the existence of cooperative buying groups, and the advantages of affiliating with one of these groups?

XIII. PRICING FOR PROFIT

1. Have you thought through the advantages and disadvantages of acquiring the price reputation you plan for your business?

2. Have you considered the probable reaction of competitors to your pricing practices?

3. Have you compared the relative importance in your business of each major marketing instrument, including price?

4. Have you investigated possible legal limitations on your pricing plans?

5. Have you considered possible applications of price-lining to your business?

6. Have you decided on the formula or method you will use in pricing each class of goods and services?

7. Have you decided how and to what extent you will meet probable price competition?

XIV. ADVERTISING AND SALES PROMOTION

1. Have you analyzed your probable competition in connection with the direct and indirect sales promotional methods you plan to use?

2. Have you planned definite ways to build and maintain superior customer relations?

3. Have you defined your potential customers so precisely that you could describe them in writing?

4. Have you decided how you can measure and record the degree of success achieved with each sales promotion so that you can repeat the "hits" and avoid the "duds"?

5. Have you considered different features of your business that would be appropriate for special promotions timed to your customers' needs and interests?

6. Have you made a list of all the media suitable for advertising <u>your</u> business with some evaluation of each?

7. Have you selected the most promising reasons why people should patronize your business, and have you incorporated them in plans for your opening advertising?

8. Have you made use of all appropriate sources in the preparation of a good initial mailing list?

9. Have you given careful thought to the advertising value of the proposed names for your firm, products, and services?

10. Have you made plans for some unusual gesture of welcome and appreciation for all customers during the opening days of your business?

11. Have you planned how you can measure the effectiveness of your advertising?

XV. <u>CREDIT AND COLLECTIONS</u>

1. Have you carefully investigated the need for credit extension by your business?

2. Have you planned specifically the various ways you will secure and use information obtainable from your charge account customers?

3. Have you made a personal investigation of the services and costs of affiliating with the local credit bureau?

4. Have you planned the basic procedures you will <u>always</u> follow before extending credit to any applicant?

5. Have you formulated plans to <u>control</u> all credit accounts?

XVI. INVENTORY CONTROL

1. Have you determined carefully what constitutes a balanced inventory for your business?
2. Have you recorded on paper the exact information you will need for effective inventory control?
3. Have you planned the best methods for securing this information?
4. Have you selected the most appropriate inventory control system to use?
5. Have you planned the best procedures to use for stock or stores keeping?
6. Have you listed the purposes and uses of the information you plan to secure from your inventory control system?

XVII. PRODUCTION CONTROL

1. Have you prepared a production control routine or "system" suitable to your manufacturing processes?
2. Have you anticipated future production requirements, and have you made plans for increasing the capacity of the plant as needed?

XVII. PROFIT PLANNING AND EXPENSE CONTROL

1. Do you know what your "break-even" volume is?
2. Have you made an estimate of what your volume is likely to be during the early years of your business?
3. Have you investigated the standard systems of expense classifications used in your type of business and selected the most appropriate one for your use?
4. Have you determined what are usually the largest items of expense for your type of business and made definite plans for controlling these expenses from the very beginning of the business?
5. Have you determined which, if any, expense items, though normally small for your type of business, very easily become excessively large unless carefully controlled at all times?

6. Have you prepared on paper a flexible expense budget for two or three different probable amounts of volume of business, including provisions for frequent operating expense reports to be compared with planned figures in your budget?

7. Have you determined the standard operating ratios for your field that you plan to use as guides?

8. Have you compared the expense of "farming out", or having certain activities of the business done by outside agencies, with what it would cost you to do the work yourself?

XIX. REGULATIONS AND TAXES

1. Have you ascertained from reliable sources all regulations that must be complied with in your business?

2. Have you provided for an adequate system of record keeping that will furnish essential information for all taxation purposes?

3. Have you planned your record system so that appropriate use will be made of standard operating ratios?

4. Have you provided for securing all information from employees required by law?

5. Have you obtained a Social Security number?

6. Have you complied with regulations governing the use of a firm or trade name, brand names, or trademarks?

XX. RECORDS

1. Have you decided what records will be adequate for each division and need of your business?

2. Have you secured the necessary forms to enable you to start keeping adequate records from the first day of operation of the business?

3. Have you planned your record system so that appropriate use will be made of standard operating ratios?

"CHECKLIST"

4. Have you investigated the possibilities of using simplified record-keeping systems for some of your needs?

5. Have you considered applications of the "one-book" system to your business?

6. Have you decided by whom each record needed will be kept?

7. Have you investigated the record-keeping system recommended by the trade association in your field?

X. TAILORING YOUR BUSINESS PLAN TO YOUR PROSPECTIVE FUNDING SOURCE

FACT SHEET

This business plan you have prepared provides you with much of the information required by the many prospective funding sources. "Tailoring" the information for a specific funding source will be much easier because you have your business plan.

If you do not need funding from other sources than your personal financing, preparing the business plan has helped you to "sharpen" your focus on your business.

When submitting your "loan package" to a major funding source, for instance, the Small Business Administration, you may be required to tailor your information to include more than your business plan.

Is your business endeavor a new business startup? Or is it a "buyout" of an existing business? The documents to complete your "loan package" differ. Complete Activity I if your business is a buyout. Complete Activity II if your business is a new business start-up.

ACTIVITIES

ACTIVITY I

... A "Buyout" of a business requires the following pattern of documents from you and the seller, plus certain loan forms. (SEE next page)

ACTIVITY II

... A "new business start-up" requires the following pattern of documents and forms. (SEE second page following)

... Work up these documents.

ACTIVITY III

... (A) Prepare 2 sets of financial worksheets.

-- Prepare a set of worksheets reflecting your expectations for your business' "best" performance.

-- Prepare a set of worksheets reflecting your expectations for your business' "worst" performance.

(B) Prepare a balance sheet. See your Small Marketers Aid for assistance.

YOUR BUSINESS	SERVICE	RETAILING	MANUFACTURING CONTRACTING	
(Small Marketers Aid)	#153	#150	#221	#218
Page	19	20	16	17

ACTIVITY I: BUYOUT

DOCUMENTS REQUIRED FOR LOAN PACKAGE

STEP 1. SCREENING PHASE	REQUESTED	BROUGHT IN
From Buyer		
1) Personal Financial Statement	_____	_____
2) Personal Income Tax Returns -- last 3 years	_____	_____
3) Resume of Education, Work & Business Experience	_____	_____
4) Credit References	_____	_____
5) Lease or Assignment of Lease (Before signing so Lawyer can review)	_____	_____
6) Sales Agreement or Proposal (Before signing so Lawyer can review)	_____	_____
7) Written Price Quotations on Equipment, Remodeling, Construction, etc.	_____	_____
8) Business Plan	_____	_____
From Seller		
9) Statement why business is being sold	_____	_____
10) Federal Income Tax Returns on Business -- last 3 years	_____	_____
11) Sales Tax Returns	_____	_____
12) Profit & Loss Statement - current year	_____	_____
13) Balance Sheet -- last 3 years and current	_____	_____

STEP 2. LOAN PACKAGE PREPARATION		
1) Partnership/corporation/franchise papers	_____	_____
2) SBA Forms:		
Personal History	_____	_____
Request for Counseling	_____	_____
Collateral	_____	_____
3) Other		

_____

_____

_____

_____

ACTIVITY II: NEW BUSINESS START-UP

DOCUMENTS REQUIRED FOR LOAN PACKAGE

STEP 1. SCREENING PHASE	REQUESTED	BROUGHT IN
1) Personal Financial Statement	_____	_____
2) Personal Income Tax Returns -- last 3 years	_____	_____
3) Resume of Education, Work & Business Experience	_____	_____
4) Credit References	_____	_____
5) Lease (Before Signing, so Lawyer can review)	_____	_____
6) Business Plan	_____	_____
7) Written Price Quotes on Equipment, Remodeling, Construction, etc.	_____	_____

STEP 2. LOAN PACKAGE PREPARATION

1) Partnership/Incorporation/Franchise Papers	_____	_____
2) SBA Forms:		
Personal History	_____	_____
Request for Counselling	_____	_____
Collateral	_____	_____
4) Other		

_____

_____

_____

_____

_____

_____

Form 1 IDENTIFICATION FACTS

Job Title _____ Location _____

Other titles used _____ Number employed: M _____ F _____

Brief summary of nature or function of job* _____

Code number** _____

Salary range: Minimum _____ Maximum _____

Average bonus or incentive payment _____

Working hours: Shift: _____ From _____ To _____

Overtime: _____ never _____ seldom _____ frequent; average hours per week: _____

Misc. _____

*A brief one or two sentence description, to give a general idea of job.

**Job definitions from the *Dictionary of Occupational Titles*; your local State Employment Service Office can be helpful.

Form 2 SKILL REQUIREMENTS

Educational Requirements: (general education--grade or years)

Grammar School _____ High School _____ Business School _____ College _____

Specific education for job _____

Job Experience:

Previous experience required: None _____

Acceptable type and length _____

Average length of time with organization _____

Previous jobs normally held _____

Next job in line of promotion _____

Relation to Other Jobs: Contacts regularly as part of job:

Within the Company _____ Outside the Company _____

Exercises Supervision Over:

Position of individual: _____

Subject of supervision: _____

Is Supervised by: Position of individual Subject of supervision

Immediate supervisor _____ _____

Others _____ _____

Job Duties:

Regular:

Before open for business _____

During business hours _____

After business hours _____

Periodic (weekly or monthly):

Performed on regular time _____

Performed after hours _____

Occasional: Performed on regular time _____

Performed after hours _____

Job Knowledge:

General _____ Policies and Regulations _____ Special and Departmental _____

Procedures and Methods _____

Technical Information _____ Related Information _____

Use of equipment: Types of equipment: _____

Special operations _____

Illustration 5-1
Sample Job Description

Form 3 **RESPONSIBILITIES**

Direction & Group Leadership:
None _____ Occasional _____ Frequent _____ Continual _____
Nature of responsibility _____

Business Operation:
None _____ Occasional _____ Frequent _____ Continual _____
Nature of responsibility _____

Care of Equipment:
None _____ Occasional _____ Frequent _____ Continual _____
Nature of responsibility _____

Safety and Health of Others:
None _____ Occasional _____ Frequent _____ Continual _____
Nature of responsibility _____

Contact with Public: None _____ Occasional _____ Frequent _____ Continual _____

Form 4 **EFFORT DEMAND**

Physical Activities

___ Standing	___ Turning	___ Reaching	___ Pushing	___ Smelling
___ Walking	___ Running	___ Throwing	___ Pulling	___ Tasting
___ Balancing	___ Stooping	___ Lifting	___ Fingering	___ Hearing
___ Climbing	___ Sitting	___ Carrying	___ Feeling	___ Seeing

Worker Characteristics

___ Planning	___ Talking	___ Making decisions
___ Directing others	___ Showing initiative	___ Working rapidly
___ Writing	___ Getting along with people	
___ Showing enthusiasm	___ Working at various tempos	
___ Being well groomed	___ Concentrating amid distractions	
___ Controlling emotions	___ Remembering names and faces	
___ Using arithmetic	___ Remembering details	
___ Working accurately	___ Examining and observing details	
___ Discriminating colors	___ Attending to many items	

Form 5 **WORKING CONDITIONS**

___ Inside	___ Hot	___ Dirty	___ Inadequate light
___ Outside	___ Cold	___ Dusty	___ Inadequate ventilation
___ Humid	___ Dry	___ Odors	___ Working with others
___ Hazards	___ Wet	___ Noisy	___ Working around others
___ High places			___ Working alone
___ Change of temperature			___ Working under pressure

Details of Working Conditions (summary based on working conditions) _____
Details of Hazards _____
Permissible Handicaps: Limb ____ Hearing ____ Sight ____

243-A

APPLICATION for EMPLOYMENT

PERSONAL INFORMATION

DATE

SOCIAL SECURITY NO

NAME
LAST FIRST MIDDLE

PRESENT ADDRESS
STREET CITY STATE

PERMANENT ADDRESS
STREET CITY STATE

TELEPHONE NO.

REFERRED BY

LAST FIRST MIDDLE

POSITION DESIRED

DATE AVAILABLE

POSITION

SALARY DESIRED

ARE YOU EMPLOYED NOW?

IF SO, MAY WE ENQUIRE OF YOUR PRESENT EMPLOYER?

EDUCATION	NAME AND LOCATION OF SCHOOL	YEARS ATTENDED	DATE GRADUATED	SUBJECTS STUDIED
GRAMMAR SCHOOL				
HIGH SCHOOL				
COLLEGE				
TRADE, BUSINESS OR CORRESPONDENCE SCHOOL				

SUBJECTS OF SPECIAL STUDY OR RESEARCH WORK

WHAT FOREIGN LANGUAGES DO YOU SPEAK FLUENTLY?

READ WRITE

U.S. MILITARY OR NAVAL SERVICE

RANK

PRESENT MEMBERSHIP IN NATIONAL GUARD OR RESERVES

ACTIVITIES OTHER THAN RELIGIOUS

FORMER POSITIONS (List below last four employers, starting with last one first.)

DATE MONTH AND YEAR	NAME AND ADDRESS OF EMPLOYER	SALARY	POSITION	REASON FOR LEAVING
FROM				
TO				
FROM				
TO				
FROM				
TO				
FROM				
TO				

PERSONAL REFERENCES (Give below the names of three persons not related to you, whom you have known at least one year.)

	NAME	ADDRESS	BUSINESS	YEARS ACQUAINTED
1				
2				
3				

PHYSICAL RECORD (List any physical defects.)

WERE YOU EVER INJURED? GIVE DETAILS

HAVE YOU ANY DEFECTS IN HEARING? IN VISION? IN SPEECH?

IN CASE OF EMERGENCY NOTIFY

NAME ADDRESS PHONE NO.

I authorize investigation of all statements contained in this application. I understand that misrepresentation or omission of facts called for is cau for dismissal. Further, I understand and agree that my employment is for no definite period and may, regardless of the date of payme of r wages and salary, be terminated at any time without any previous notice.

DATE SIGNATURE

The civil rights act of 1964 prohibits discrimination in employment because of race, color, religion, sex, or national origin. Some states prohi discrimination because of age. If this state prohibits the request of any information on this form, this information will not be used to discrimina against possible employment.

DO NOT WRITE BELOW THIS LINE

INTERVIEWED BY DATE

REMARKS:

NEATNESS		CHARACTER	
PERSONALITY		ABILITY	

HIRED FOR DEPT. POSITION WILL REPORT SALARY WAGES

APPROVED: 1. EMPLOYMENT MANAGER 2. DEPT. HEAD 3. GENERAL MANAGER

XI. PRESENT YOUR BUSINESS PLAN TO YOUR CLASSMATES

ACTIVITIES

ACTIVITY I

Prepare a mini-proposal for your business plan. Compare the mini-proposal you prepared for this activity to the mini-proposal you prepared for the activity in Section II.

Write a statement on the similarities of the two proposals -- on the difference between the two proposals.

ACTIVITY II

Prepare to orally present at the next class meeting your mini-proposal and your business plan to a group of your classmates. (Your instructor will divide the class into "Business Plan Review Teams".)

ACTIVITY III

Now, with the benefit of your jury's recommendations, you may wish to edit your business plan to reflect those ideas which you deem will enhance your business plan.

NOTE: For next session, have your written Business Plan ready to submit for professional review.